

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Japan: Takeshita puts action into words for US visit, Page 20

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World News Business Summary

Philippines postpone provincial elections

The Philippine Government postponed local elections in 10 of the country's 73 provinces amid fears of a bloody final week to a campaign that had already left 70 people dead.

British Government regroup its forces

The UK Government moved quickly to regroup its forces in the House of Lords and to make confident claims about its legislative plans following the resignation on Sunday of Viscount Whitelaw, deputy to Prime Minister Margaret Thatcher, on health grounds.

EC jurisdiction test

A crucial legal battle was set to begin in Luxembourg aimed at testing the jurisdiction of the EC outside the boundaries of the 12 member states.

Italian flight chaos

Italian air travellers suffered fresh chaos as a strike by Alitalia staff grounded nearly half the national airline's scheduled flights and a stoppage by air traffic controllers disrupted flights in and out of Rome by foreign airlines.

Moscow eases curbs

Immigration into West Germany of ethnic Germans from the Soviet Union and Communist Europe rose sharply last year to 86,000, the highest since 1958.

Baltic negotiations

The Soviet and Swedish prime ministers opened talks in Stockholm and said they were hopeful of settling a 19-year-old dispute over territorial waters in the Baltic Sea.

US bases discussed

Greek and American negotiators began a second round of talks in Athens on the future of US military bases in Greece with Greece again making the table with the issue of Cyprus and Greek rights in the Aegean.

Economists' plea

Some 72 Belgian economists published an appeal to the country's next government to give top priority to cutting unemployment now running at nearly 12 per cent of the workforce.

Peru seizes milk

Peruvian authorities, in a campaign against speculative hoarding, seized local subsidiary of Swiss multinational Nestle almost \$45,000 and confiscated more than 3m tins of evaporated milk they said the company was hoarding.

Kampala bomb blast

A Libyan diplomat was killed and five people, including a French cultural attaché, were injured in Kampala in an explosion which a rebel group said was aimed at the Libyan "terrorist" presence in Uganda.

Iran accuses Iraq

Iran accused Iraq of firing chemical shells at Iranian positions on the northern war front and injuring several soldiers.

Arctic accord

US Secretary of State George Shultz and Canadian External Affairs Minister Joe Clark were poised to sign a new Arctic cooperation agreement.

Soviet poll plan

Plans for multiple-candidate elections to the Supreme Soviet were being considered, Tass said.

Activists detained

Two US human rights activists were removed by police from a Nairobi courtroom and detained for seven hours when they tried to watch an inquest on a man who died in police custody.

Sony to make rival VHS video recorders

SONY, Japanese electronics group, is to begin making VHS-format video recorders designed and developed by its rivals, alongside its own Betamax models.

STERLING DRUG, US pharmaceuticals group, which faces a \$4.2bn hostile bid from F. Hoffmann-La Roche, is suing the Swiss drug company and its directors for allegedly breaking US disclosure and insider trading laws in its offer.

WALL STREET: The Dow Jones industrial average at 2pm was up 3.64 at 1,914.95.

LONDON: The market moved up on Wall Street, rallying from a substantial mark-down in early dealings to close with a loss of only 13.2 on the FT-SE 100 index at 1,760.2.

TOKYO: The steep slide on Wall Street on Friday dragged down high-technology and other shares in Tokyo yesterday. The Nikkei average closed 294.13 down at 22,578.43.

DOLLAR closed in London at DM1.6370 (DM1.6505); FFfr. 6.2650 (FFfr. 6.2725); SFR1.3375 (SFR1.3495); Y128.16 (Y129.05).

STERLING closed in London at \$2.215 (\$1.897); DM2.9825 (DM2.9825); FFfr. 10.0650 (FFfr. 10.07); SFR2.4375 (SFR2.4375); Y233.50 (Y233.25).

EMBAET, US industrial group, has launched a \$600m hostile takeover offer for Stantec, a manufacturer of precision machine parts for the aircraft and automotive sectors.

TELEPHONE, Los Angeles-based industrial holding company, increased fourth-quarter profits to \$168.8m from \$47m a year earlier, largely due to the sale of its stake in Kido.

RENAULT, French state-owned car group, is negotiating the sale of its car rental subsidiary Europcar to Compagnie Internationale des Wagons-Lits, a Belgian-based railway sleeping car company.

SALES of Japanese goods by the European Community rose 63 per cent last year to a record Y7,186.7bn (\$55.4bn), mainly due to a rush of sales after the October stock market crash.

AN IRANIAN delegation is visiting Tokyo for unofficial talks with the Japanese Government and oil company representatives following reports that Iran will export to Japan what is being cut by 33 per cent this year.

BLACKWOOD HODGE, major US distributor of earth-moving equipment, is to pay up to \$18.5m for Florida-based Linder Industrial Machinery Company, its fourth US acquisition in just over a year.

CIM INTERNATIONAL, UK project management company, is negotiating to build a vegetable processing plant in China's Hubei province which could produce \$80m (\$146m) in counter-trade business over the next five years.

ELLEN & EVERARD, UK chemical distribution group, increased profits 24 per cent in the six months to October 31, helped by a 32 per cent increase in US sales.

NIGERIA is negotiating a \$22.5m (\$40.6m) BOG credit with UK merchant bank Morgan Grenfell to finance completion of a contract to provide water supply to 49 areas in Niger State.

CHASE MANHATTAN Securities, London trading firm of Chase Manhattan Corporation, has cut 10 jobs in its fixed income department, reducing total staff to 101.

TESCO, UK supermarket chain, is withdrawing from joint national pay bargaining with other retailers to pursue an independent strategy.

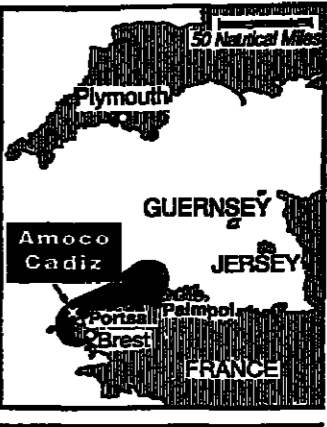
Amoco ordered to pay \$85m for oil-slick disaster

A US FEDERAL judge yesterday ordered Amoco, the US oil major, to pay damages of \$85m to 90 claimants including French fishermen, hoteliers and others in compensation for an oil slick caused by the Amoco Cadiz supertanker which broke up off the French coast in 1976, writes Deborah Hargreaves in Chicago.

The award is the highest ever made for an oil spill claim, according to Judge Frank McGarr, although it was well short of the \$1.6bn claimed. The Amoco Cadiz broke up in a storm on its way to Europe from the Gulf, disgorging about 68m gallons of crude oil on to 200 miles of beaches along the northern French coastline.

McGarr said Amoco was negligent for keeping the tanker at sea instead of temporarily docking it for required maintenance. The tanker was carrying more than 200,000 tons of oil from the Gulf when it was wrecked. The wreck caused the fourth biggest marine oil spill ever and the largest near a coastline. The slick ruined Brittany's tourist trade for a year, killed oysters and decimated the population of valuable fish and shellfish in the area.

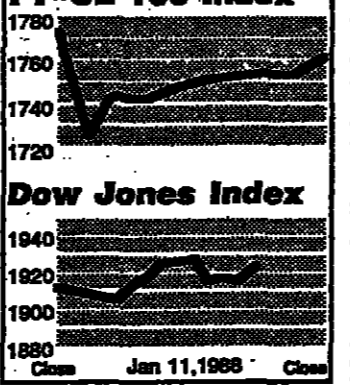
The ruling comes just as the US is clearing a 1m gallon diesel fuel spillage that slicked into the Monongahela and Ohio rivers near Pittsburgh, drifting for more than 100 miles and affecting drinking water. However, this is small compared with the biggest oil spill ever, which occurred in 1979 in the Gulf of Mexico when 600,000 tons were released after an oil well blew out.



World equities limit losses as central banks prop up dollar

By SIMON HOLBERTON IN LONDON AND JANET BUSH IN NEW YORK

CENTRAL BANKS stepped into financial markets yesterday to prop up the dollar and to maintain confidence on share markets after last Friday's sharp fall on Wall Street.



The intervention, which was thought to be modest, included most European central banks together with the Bank of Japan, the Bank of England and the US Federal Reserve. It was sufficient, however, to avert a major sell-off of the US currency.

Saudi gives oil discount to top US customers

By Richard Johns

SAUDI ARABIA has been giving preferential terms to its four major oil customers: Exxon, Chevron, Texaco and Mobil - since October as an inducement to maintain their purchases and as a means of fulfilling its quota under the Organisation of Petroleum Exporting Countries' production-sharing accord.

The four US majors have enjoyed what amounts to a price discount in the form of an increase in the barrel fee paid to them for the joint service operation they perform for the Arabian American Oil Company (Aramco), according to industry executives and market analysts.

Israeli leaders fear unrest will continue

By ANDREW WHITLEY IN JERUSALEM

A PALESTINIAN teenager was killed near the West Bank town of Ramallah yesterday by a Jewish settler. His death brought the toll from the five-week-long unrest in the West Bank and Gaza to at least 32.

The death of 16-year-old Rabah Hussein Samam was the second time that a Palestinian demonstrator had been killed by a Jewish settler in recent weeks.

Airbus moves to cushion effect of currency swings

By PAUL BETTS IN PARIS

AIRBUS Industrie, the European aircraft consortium, wants to negotiate its future direct sales on the basis of a basket of major currencies rather than on the US dollar alone, to cover itself and leading airline companies from the impact of a volatile dollar.

Airbus competitors and major customers to extend the use of this new scheme involving a currency basket composed of the D-mark, sterling, the French franc and the dollar, with each currency accounting for 25 per cent of a total sales.

He claimed such a system would reflect more closely the evolution of foreign exchange markets and give airline companies, as well as Airbus, greater stability in aircraft assets on the balance sheets.

Les Echos to join FT group

By RAYMOND SNOODY

PEARSON, the information and industrial group which publishes the Financial Times, yesterday agreed to acquire Les Echos, the leading French business daily newspaper, in a share and cash deal worth \$88m (\$160m).

Both the editor and general manager of the paper, which has a circulation of 80,000 copies and more than 300,000 circulation of the FT, would be spending some time in London to see how the FT was run.

Les Echos, a more specialist business and financial paper than the FT, is noted for exclusive stories on French industrial matters rather than its foreign coverage. It will have access to the electronic database containing the FT's editorial coverage.

It is the biggest acquisition so far in the group's strategy of seeking stakes in financial newspapers in different parts of the world.

Future possibilities for co-operation include using Les Echos' distribution system in France and printing the FT in Paris where Les Echos is printed under contract.

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DEMOCRATIC PRODIGAL BIDS FOR THE HEART OF A NATION Gary Hart, Democratic candidate for president, determined to promote his 'vision of the future.' Page 4

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EUROPEAN NEWS

Moscow eases curbs on German emigration

BY DAVID MARSH IN BONN

IMMIGRATION into West Germany of ethnic Germans from the Soviet Union and Communist Europe rose sharply last year to 88,000, the highest since 1958.

At the same time entry into the Federal Republic of Third World refugees seeking asylum fell by nearly half.

This contrasting pattern, revealed in figures from the Interior Ministry, provides an apt reflection of West German immigration priorities.

It also shows how East-West détente has helped West Germany shift the immigration balance to favour ethnic Germans.

As a result of improved relations between Bonn and Moscow, the Soviet Union allowed 14,500 ethnic Germans to leave the country last year, up from only 700 in 1986 and the highest figure since 1950.

Mr Friedrich Zimmermann, the Interior Minister, said Moscow had eased departure restrictions for people with close relatives in the West.

A total of 2m citizens of German extraction live in the Soviet

Union, and Bonn's policies for decades have been geared to bringing more of them back to the Federal Republic.

Additionally, 19,000 people were allowed to emigrate last year to West from East Germany, while more than 48,000 came from Poland.

East-West agreement also provided one reason for the fall in refugee flows.

The number of asylum seekers fell to just over 57,000 from nearly 100,000 in 1986 and 73,800 in 1985.

Although Mr Zimmermann indicated displeasure with the remaining size of refugee flows, he pointed out that the fall from 1986 partly reflected an agreement with East Berlin to end uncontrolled entries of asylum-seekers across the Berlin Wall.

Mr Zimmermann said, "The pressure of refugees on the Federal Republic has not slackened."

His tones were markedly warmer in another comment on the increased flows of ethnic Germans.

He urged the West German population to make the newcom-

ers feel at home "at work, in churches and in sports organisations, on holiday and everywhere in daily life."

The immigrants "have come to us to live as Germans among Germans," he said.

The refugee figures show a drop in the number of asylum applications from Iranians, Lebanese and Palestinians. However, 11,450 Turks applied for asylum, up from 8,700 in 1986.

Last year West Germany brought in restrictions making it harder for third world emigrants to seek refuge.

This was on the grounds that many asylum-seekers were fleeing their countries for economic rather than political reasons.

The asylum-seekers included a rising proportion of Poles, who topped the list with 15,000 refugees.

Many are claiming ethnic German status to allow them to take up residence in the Federal Republic.

Czechs renew attack on Dubcek

By Judy Dempsey in Vienna

A SENIOR Czechoslovak Communist Party official has sharply criticised the Prague Spring of 1968, the movement which attempted to reform the communist system, just a day after Mr Alexander Dubcek, the party leader during 1968, published an interview in L'Unita, the Italian Communist Party daily, defending his actions.

Mr Jan Fojtik, a candidate member of the Politburo and the Central Committee Secretary for Ideology, had already written last week a scathing attack on the events of 1968 which was published in Hospodarske Noviny, an economics weekly.

However, Rade Pravo, the Czech Communist Party daily re-ran the complete article yesterday.

Ende Pravo's decision to re-print suggests that the Czechoslovak leadership was taken aback by the extent of Mr Dubcek's long and detailed interview, which covered not only the events of 1968 but the similarities between the reforms of Mr Mikhail Gorbachev, the Soviet leader, and the Prague Spring.

In what is regarded as an official but ill-prepared reply to Mr Dubcek, Mr Fojtik said he "could hardly believe his eyes, and the arrogance of our right-wing forces, some of whom have risen again to give us lessons on restructuring."

In his interview with L'Unita, Mr Dubcek saw some hope that Mr Gorbachev would give restructuring a more "concrete approach" in Czechoslovakia.

Mr Fojtik again dismissed any notion that the former leaders of the Prague Spring would be rehabilitated, an idea which Ende Pravo shot down last week.

It would be "unthinkable" to believe that those people identified with the Prague Spring could return to public life, Mr Fojtik wrote, clearly in response to Mr Dubcek.

"They would like politically to establish, introduce and push themselves forward at any costs and as soon as possible."

Ian Davidson reports on the European defence body's problems

French check WEU's progress

THE RELAUNCH of Western European Union, the seven-nation defence grouping, has come to a grinding halt after little more than three years as a result of apparently irreconcilable disagreement between France and its six partners.

The revitalisation of WEU was first mooted in 1984, at French initiative, in response both to the Euro-missile crisis of 1981-83 and to European anxiety over President Reagan's Strategic Defence Initiative (Star Wars) of 1983.

In 1985 the seven governments decided on a provisional plan for updating WEU's Paris-based operational agencies, whose utility had largely disappeared in the 30 years since the foundation of WEU in 1954. In principle, they also agreed on the desirability of "co-locating" these Paris-based agencies with the Council and its Secretariat, currently based in London - though they did not at that time agree on a new single location.

The British government has since then publicly argued that WEU ought to be located in Brussels, close to Nato and the European Community.

In the event, the provisional two-year revitalisation plan lapsed shortly before Christmas, because of deadlock between France and its part-

ners over the next phase. In essence, France rejected proposals, agreed by the other six member states, which would have transferred budgetary resources from Paris to the London operations, so as to strengthen the Council secretariat, and which would have placed control of the Paris agencies under a British director.

French recalcitrance seems to have been mainly designed to minimise any changes which might appear to reduce French influence over the institution, or which might jeopardise, by however little, the chance of "co-locating" the two halves of WEU in Paris.

Inevitably, the disagreement places a major question mark over the institutional future of WEU. Mr Alfred Cahen, the Belgian diplomat appointed as Secretary-General to remobilise WEU, is formally taking personal control of the three Paris-based agencies. These are the Agency for Defence and Security Questions, the Agency for the Study of Arms Control and Disarmament Questions, and the Agency for the Development of Co-operation in the Field of Armaments.

But it is hard to see how Mr Cahen can combine these duties with his main tasks in London,



Chairman re-emphasised importance of European interests

reconcile the French attitude, which smacks of a very old-fashioned kind of Gallo-centrism, with the repeated calls by French political leaders of both left and right in support of the principle of closer European defence co-operation.

Only last week, Mr Jacques Chirac re-emphasised the importance of the so-called "Platform on European security interests" published by the seven member states of Western European Union last October.

There is no serious reason to question the depth of the debate in France over the difficulty of reconciling the country's commitment to the construction of Europe with a defence doctrine inherited from Gaullist notions of nationalist independence.

But French proposals for reform of defence policy have tended to concentrate on the idea of strengthening France's bilateral ties, first with West Germany and most recently with the UK.

The deadlock over the re-activation of WEU may not call in question the sincerity of the French debate, but it may be a symptom of the difficulty of bringing about a multilateral re-insertion of France into Europe's defence arrangements.

Hungary to scrap controls on many prices

THE Hungarian government will relinquish control of most consumer prices at the end of March, the official news agency MTI said yesterday. Reuter reports from Budapest.

"Central authorities will continue to keep a tab on price changes only up to March 31, after which date free prices will be introduced with the exception of staples and some public services," it said.

The move is the latest of many market-oriented measures to be introduced by Hungary, an Eastern European pathfinder in economic reform.

In its new Economic Service inaugurated on Monday, MTI gave details of sweeping price increases this month, part of a government program that also abolishes subsidies and introduces Eastern Europe's first value added tax (VAT).

As of January 1, the price of 83 per cent of all goods and services rose by an average of 16.2 per cent.

Charter 77 urges protest at Romanian conditions

By Judy Dempsey

THE Czechoslovak independent human rights group Charter 77 has named February 1 as a day of European solidarity with the people of Romania, to protest against their deteriorating living conditions and the lack of food, lighting and heat.

The statement, which was signed by the three new Charter spokesmen for 1988 and released on Sunday evening, says the economic crisis in Romania is not only a Romanian affair but concerns all Europeans.

Europeans must understand "they are living on the same continent as a nation that has to fear winter and darkness."

The Romanian Government "is unable to ensure its population the most basic material and social benefits which Communist regimes proclaim to be their greatest achievement as a way of legitimating themselves."

The Charter document says

that the temperature in homes and offices rarely reaches 10 degrees Celsius, no more than two 40-watt bulbs in a home can be switched on at the same time, and that items such as flour, sugar and meat are practically unobtainable or strictly rationed.

Romanian citizens are also denied basic freedoms "to a degree unknown elsewhere in the Soviet bloc," the statement says.

"All the present Romanian regime has to offer its people after 22 years in power is the personality cult of Mr Nicolae Ceausescu," the President and party leader.

The recent disturbances in Brasov in which thousands of workers protested against the shortage of food and called for "an end to the dictatorship" was prompted by what Charter 77 calls "complete despair, which drove Romanian workers to demonstrate."

Four killed in daring Istanbul terrorist attack

By David R. Barchard in Ankara

ONE POLICEMAN has been killed and three other people injured in the most daring terrorist attack in the Istanbul region for many months, raising fears that Turkey may face a revival of terrorism.

Istanbul police said yesterday that seven or eight people, said to belong to an unnamed left-wing organisation, had attacked an army depot at Kandira, 150km east of Istanbul, taking hand grenades, pistols, rifles and ammunition.

A shoot-out occurred later when police challenged two taxis which the group had commandeered.

Attacks of this kind are extremely unusual in western Turkey. A raid on an Istanbul police station last summer was thought to have been organised by pro-Kurdish guerrillas and there is speculation here that there could be Kurdish involvement in the latest attack.

Eastern Europe picks up BBC satellite broadcasts

By Raymond Snoddy

BBC World Service broadcasts delivered by satellite are being received in Eastern Europe by individuals with their own satellite dishes.

BBC External Services have had direct contact from a group in Poland which has been listening to the 24-hours-a-day World Service on their own satellite receiving equipment, which is not illegal in Poland.

The BBC began using a Eutelsat television satellite to broadcast two channels of radio - the World Service and a compilation of existing programmes in 20 different languages.

The programmes are aimed at Western Europe but the satellites deliver high quality medium wave broadcasts to most of central Europe.

So far no-one has tried to jam broadcasts from a satellite, although jamming of regular BBC short wave broadcasts to Poland stopped unexpectedly on January 1.

Greece links bases talks to other issues


By Andriana Ierodiakonou in Athens

NEGOTIATIONS on the future of the four US military bases in Greece resumed here yesterday as Mr Andreas Papandreu, the Prime Minister, warned that their progress would depend on US help in resolving disputes with Turkey.

"Discussions will continue as long as there is the possibility of linking an eventual agreement with the progress and resolution of pending national issues, and the complete safeguarding of our national interests," the Prime Minister said.

At the same time a Greek government spokesman disclosed that Athens informed the US last November of a freeze on all construction projects at the bases for the duration of the negotiations. The existence of an official freeze was not confirmed by the American side. Sources, however, said there have been difficulties

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OVERSEAS NEWS

Mubarak backs attempt to start talks with Iran

BY RICHARD JOHNS

FULLSOME backing was given by Egypt yesterday to attempts by conservative Arab states of the Gulf to open a dialogue with Iran aimed at bringing about a ceasefire in its seven-and-a-half year conflict with Iraq.

Messages

At last November's Arab summit conference Syria opposed the move by member states of the GCC led by Saudi Arabia and Kuwait, to resume relations with Egypt which they ruptured in 1979 following its peace treaty with Israel.

Libyan killed in Uganda

A LIBYAN diplomat was fatally injured and five people, including the French ambassador, were hurt when a grenade or small bomb exploded yesterday morning in the building housing their embassies in Kampala.

Victor Mallet highlights the impact of the conflict in Mozambique on neighbouring Malawi

Walking a thin line between war and peace

THE DIVIDING line between war and peace in Africa can be as narrow and as insubstantial as a road.

Malawi is a poor country of 7.5m people, and the influx in the south has put pressure on overcrowded farmland, on social services, and on food supplies already reduced by a poor harvest.



Mozambican soldiers, taking refuge in Malawi, have their weapons checked by Malawian officials. The refugees, dispirited and ragged, wait patiently for handouts of maize meal and sugar.

remain here as long as the war is still on. Transport is Malawi's biggest headache. In addition to its usual exports and imports it now needs to haul in thousands of tonnes of extra maize to feed the population.

Since then, with Mozambique under the leadership of Mr Joaquim Chissano, tensions have eased and Malawi has committed its troops to the Nacala corridor.

Manila delays local elections in 10 areas

By Richard Gourlay in Manila

THE Philippine government has postponed local elections, due to be held on January 18, in 10 of the country's 73 provinces to avoid violence either among opposing candidates or from communist-led rebels.

FEDERAL OFFICIAL ATTACKS QUALITY OF IMMIGRANTS Asia influx irks top Aborigine

BY CHRIS SHERWELL IN SYDNEY

AN EXTRAORDINARY attack on Asian immigration by one of Australia's most successful Aborigines has unexpectedly compounded the two most sensitive issues of the country's 200th anniversary of white settlement.

employment and imprisonment, they are significantly worse off than their white counterparts. In the past few years, the inexplicable phenomenon of Aboriginal deaths in custody more than 100 since 1980 - has led to the formation of a Royal Commission which is certain to go well beyond the individual cases themselves.

Peking wary of Soviet invitation to summit

BY ROBERT THOMSON IN PEKING

PEKING'S LEADERS are not as fond of summits as Moscow's Mr Mikhail Gorbachev, and are wary of his way of appealing directly to the people to add momentum to his diplomatic initiatives, although admiring the Chinese will be more difficult than impressing Americans raised on a diet of those opportunities.

leader, suggested last year that he would be prepared to meet Mr Gorbachev if Moscow "encouraged" Vietnam to pull out. Recent movement on this issue, and indications that Moscow is prepared to withdraw from Afghanistan have forced Peking to reassess those obstacles.

AMERICAN NEWS

Venezuela crackdown on border crime

By Joe Mann in Caracas

THE Venezuelan Government, concerned about security problems on its long border with Colombia, is taking steps to suppress kidnappings of wealthy citizens in the area and limit the activities of Colombian guerrillas and narcotics dealers.

Brady proposals unlikely to pass Congress hurdles

BY LIONEL BARBER IN WASHINGTON

THE key recommendations of the Brady Commission report on last October's stock market crash face considerable obstacles in the US Congress and are unlikely to pass into law.

a Banking Bill in the current session of Congress. While he has welcomed some of the Brady recommendations, he does not envisage them being included in the Banking Bill.

Canada, US sign Arctic deal

By David Owen in Toronto

MR GEORGE SHULTZ, US Secretary of State, and Mr Joe Clark, Canadian External Affairs Minister, were yesterday poised to sign a new Arctic co-operation agreement which sets aside the two nations' conflicting legal claims to control of the Northwest Passage.

Meese to testify in trial of lobbyist

BY LIONEL BARBER

THE ethics of the Reagan Administration are under siege again this week with the expected opening in Washington of a long-awaited influence-peddling trial.

Setback to creditor bank talks with Brazil

By Alexander Wood, Economics Editor

THE recent improvement in Brazil's relations with its creditor banks has suffered a serious setback with its failure to make interest payments due last week.

Stewart Fleming reports on the disruptive appeal of the Democratic presidential candidate

Mystic Hart lays claim to old loyalties in Iowa

"WE ought to be worrying about what they are doing for their country, not what they are doing for themselves," said Mrs Linda Thompson, a 35-year-old receptionist from the university town of Ames, Iowa, as she watched former Senator Gary Hart campaigning in the town's main shopping mall at the weekend.

having reclaimed instantly his position as the Democrat's front runner. An ABC News/Washington Post poll in Iowa on December 27, two days after he re-entered the race, showed him once again in the lead with some 30 per cent of Democrats saying they supported his candidacy. Ray Jesse Jackson was second with 23 per cent.



Senator Gary Hart campaigning with wife Lee; his re-entry into the presidential race triggered waves of speculation.

This is an image which clearly appeals to some of his former supporters, particularly those who are still attracted by his presentation of himself as an outsider running against the establishment. And, as Mrs Thompson, a strong supporter of the senator since his 1984 campaign, pointed out, the presence of Mrs Hart by his side is important to women voters who are sympathetic to his cause. Mr Hart is likely nonetheless to have difficulty attracting women voters, given his sexual adventures.

campaign last year, must now rely on his celebrity status and curiosity value to attract the reporters and television cameras who are still following him around. Money is a problem, as he is under attack again for not having paid off his 1984 campaign debts.

Failure by Brazil to keep current would throw doubt over the agreement, which was reached in large measure to meet the demands of US regulators who would otherwise have declared Brazilian loans 'non-impaired', forcing losses on US banks and making new financing for Brazil difficult to arrange.

There is speculation, too, about the motives of this mysterious man in taking a decision which he describes as one of the most painful of his life, and about the impact of his candidacy on the race and his party.

Some analysts say this suggests that Mr Hart's strength in some polls is a measure of his high name recognition rather than solid voter support, particularly in Iowa where voters in the caucuses have to spend several hours in a debate on the candidates' merits. Here strong support and a vigorous organisation to get the voters out are the key elements for success.

The ambivalence felt towards Mr Hart by voters who are not committed Hart-backers was evident last Saturday in the Yonkers store in Ames, North Grand Mall. "I have a real question about his integrity," said

Mrs Marilyn Moehmann, a supporter of former Arizona Governor Bruce Babbitt. Mr Hart, shorn of the horde of advisers and campaign organisers who accompany most front-runners and trailed by his iron-willed wife Lee, clutching a red rose presented by a shop assistant, seemed at times on Saturday more like a mystic returned from the wilderness than a presidential candidate.

Others are less sanguine, angrily denouncing Mr Hart for adding to the image of disarray presented by the party. After a year of astonishingly heavy dollars spent by each one, Mr Hart's re-entry into the race and his impact on it is, perhaps, testimony only to the weakness of his rivals.

A joint statement by Brazil and the banks on the interim agreement reached in November, said that "the cooperative effort... will support Brazil in keeping current on interest payments from January 1, 1988" - the re-operation being between Brazil and both commercial banks and government and multilateral institutions.

But there are suggestions Brazil took the agreement to mean it would keep current on a full restructuring deal was agreed. The interim agreement set a series of short-term loans and interest payments which would initially provide Brazil with \$1.5bn of new finance which it would use to help fund \$1.5bn of interest payments due in the final three months of 1987. These payments commenced in December and were due to be completed by last night, and bankers foresaw no problems.

WORLD TRADE NEWS

Britain to speed talks on water deal for Nigeria

BY PETER MONTAGNON, WORLD TRADE EDITOR

BRITAIN is to speed up financing negotiations with Nigeria on a contract to provide water supply to 49 areas in Niger state following Mrs Margaret Thatcher's visit to Lagos last week.

The Export Credits Guarantee Department has already guaranteed a \$141m (£9.4m) loan for the project, which is being handled by Bywater of the UK. But it has been stalled since Nigeria ran into foreign exchange problems in 1984.

In her speech to a state banquet in Lagos last Thursday, the British Prime Minister said the project was "important and worthwhile." Nigeria is negotiating a further \$22.5m ECGD credit to finance completion.

This would make it the first of a long list of stalled projects in Nigeria to be revived following the announcement last year that the ECGD was resuming export credit cover to the Babangida regime.

The new loan, which is to be provided by Morgan Grenfell, would fall outside the \$200m Barclays-led credit line announced at the time export credit cover was resumed.

Implementation of this loan has been delayed after Nigeria again fell into arrears on its ECGD debts, but negotiations on documentation have now also resumed.

One reason for the softer line

being taken by the UK Government with both Mrs Thatcher's Lagos announcement and the Barclays loan is that Nigeria has now made some payments on its ECGD debt which go part of the way towards making up the arrears, bankers believe.

However, the accommodating stance being taken by the UK Government is likely to irritate uninsured trade creditors of Nigeria who are planning a major meeting in London on Thursday to discuss rescheduling of some \$3.25bn in unpaid debts.

The meeting is being held amid signs of mounting opposition to the 22-year rescheduling plan among trade creditors in Japan, West Germany, the UK and Hong Kong.

Reuter reports from Montreal: The Canadian Regional Industrial Expansion Department said it would provide the government of Nigeria with a loan of C\$100m (\$41m) to purchase 50 locomotives from Bombardier.

A spokesman for the Department said a contract between Bombardier and Government-owned Nigeria Railways had not yet been signed, but completion was expected soon.

"They've been negotiating with Bombardier for some time. Financing was a condition for sale and we have now covered that."

Japan-UK whisky row 'settled soon'

JAPAN'S Prime Minister, Mr Noboru Takeshita, told Sir Geoffrey Howe, Britain's Foreign Secretary, yesterday that proposals to solve the long-standing British-Japanese whisky row would be unveiled by June, Reuter reports from Tokyo.

Sir Geoffrey, who arrived in Japan on Saturday for a five-day visit, held five hours of talks with Mr Sosuke Uno, Japan's Foreign Minister, and had a short meeting with Mr Takeshita.

British officials said both sides had characterised the visit as marking the start of a new "dynamic, plain-speaking relationship" between the two countries.

They said Sir Geoffrey had called on Japan to end restrictions on imports of whisky, a major British export, and said he had pointed out he first raised the issue when he came to Japan as trade minister in 1973.

A Japanese Foreign Ministry spokesman said Mr Takeshita had promised Sir Geoffrey that measures to solve the whisky row would be included in a liquor tax reform package due to be implemented in April 1989.

The Japanese premier said details of the package would be announced before the Toronto economic summit scheduled for early June. He gave no details.

Mark Newham reports on plans for the world's largest single wind energy project

California's winds blow Europe's sails

INSTALLATION WORK has begun on the first of 1,800 wind energy turbines shipped from Europe to California. In what will become the biggest single wind energy project in the world, Comapro Holdings of Berne plans to invest up to \$3bn over the next three years in installing 900MW of European wind turbines at four locations in California.

Contracts are currently being negotiated for wind power machines from companies in West Germany, Denmark and Austria. When complete, the project will almost double California's existing wind power output, which currently stands at 1,200MW.

Comapro believes that the time is right to bring wind energy to the forefront of the world's power supply industry. It has chosen California as the location for its first large-scale wind project. Wind energy is already an accepted part of the

state's power supply, and Californian utilities are legally bound to buy power offered to them by the owners of wind turbines.

European wind turbines have been chosen for the project since Comapro considers that no suitably sized US-made wind turbines are available. The Swiss company wants to use turbines in the 500-600kW range rather than the smaller rated output machines.

In the project's first phase - due to start in early 1988 - machines from Wagner Rotor of West Germany and Villas Styria of Austria will undergo stringent test runs to prove their reliability. When Comapro and its US arm, Aeroelectric Corp, are satisfied that the machines work satisfactorily, contracts for large numbers will be awarded to the companies concerned. Tests will also be conducted later on wind turbines developed by Messerschmitt

Bolkow Blohm (MBB) of West Germany and Bonus of Denmark.

A single Wagner Rotor 330kW machine has already been tested at Altamont Pass in California.

Utilities are legally bound to buy power from wind turbines

California and results show that the design can be pushed to produce 600kW under the right wind conditions. Early in 1988, three 500kW Villas Styria turbines will be tested at San Geronimo.

Once the Wagner Rotor and the Villas Styria machines have proved their reliability to Comapro, it is understood that up to 900 Wagner Rotor and 270 Villas Styria devices will be ordered for the project over the succeeding two to three years. The turnkey cost of building and installing each Villas Styria machine is put at \$750,000.

while the cost of the Wagner Rotor machine is put at \$230,000.

Villas Styria plans to start manufacturing at its engineering plant at Eisenz, Austria, at the rate of 10 turbines per month while construction of the Wagner Rotor machines will begin next January at the French plant of the West German engineering company Koch.

The project also envisages the inclusion of pumped water storage to make use of power generated at off-peak periods to fill a reservoir. At peak power periods water will be released through hydro-electric turbines to generate up to 30MW which will be sold to local utilities. The inclusion of this system will maximise the project's income from electricity sales and make it competitive with fossil fuel-fired generating plants.

Comapro's vice chairman, finance for the project is being sought mainly from Austrian banks which, he says, are enthusiastic about the prospects for wind energy projects.

The project has already aroused considerable interest in power supply and wind energy circles. It is understood that discussions are now taking place between Comapro and Britain's Wind Energy Group over a proposed joint venture over a proposed joint venture to enlarge the Wagner Rotor machine to generate up to 1MW.

The outcome of the scheme, and especially the performance of the Villas Styria machine, is being closely monitored in Austria since Villas Styria is the first product of Austrian privatisation. Owned by Villas-Construc, Villas Styria was formed when the wind energy branch of the giant state-owned company Voest Alpine was hived off in 1986.

Portugal sees 25% increase in tourism revenue

TOURISM in Portugal boomed last year, largely due to a growing influx of British and Spanish tourists, bringing in a total revenue of Esc298bn (£1.2bn), a 25 per cent increase over 1986. Our Lisbon Correspondent reports.

Direct foreign investment in the sector attracted Esc8.5bn, making it the second largest area of such investment in 1987 after

financial services, according to the National Tourism Board.

Of the 6.1m tourists who visited Portugal last year, 2.6m were from neighbouring Spain, while 1.1m came from the UK. British tourists favoured hotels over other forms of accommodation.

The main tourist market is along the southern Algarve, an area increasingly dominated by

British tour operators, and British investors are taking an active role in developing the region. United Investments Portugal, part of the British-based United Investments Group, is to invest Esc6bn in a luxury tourist complex, including a five-star Snerston Hotel just outside the town of Albufeira.

Lisbon has decided to boost its tourist capacity and has approved six four-star and six three-star hotel projects, as well as a large five-star hotel complex to be built and managed by Hilton International.

Economic analysts say the tourist industry has large growth potential in Portugal, especially outside the over-developed Algarve region. "Tourism is still wide open", said Mr William Cunningham of Arthur Ander-

son in Lisbon.

However, a new law revising investment incentives in the tourist sector is due to be published shortly which could change the pattern of tourist development in the country.

The new code would involve government low-ceiling grants rather than loans and would favour projects aimed at developing the interior of the country.

UK company near pact on China canning plant

BY OUR WORLD TRADE EDITOR

CIM International, a project management company based in Fareham, UK, is in the final stages of negotiation for a vegetable canning plant in China's Hubei province which could produce some £80m in counter-trade business over the next five years.

The plant, to be built by Balfour Beatty at a cost of £16m, has a projected output of 54m cans of high quality vegetables a year, and will be the largest such export-oriented plant in China.

CIM, which is active in food marketing as well as project management, will purchase the entire output and arrange distribution internationally.

Proceeds will go to pay off a loan which China is arranging to finance the plant. This will be a conventional Export Credits Guarantee Department (ECGD)-backed loan with a guarantee from the Bank of China and provided through Scandinavian Bank and Credit Agricole.

Mr Paul Wright, CIM's managing director, said a feature of the arrangement would be that its output would be market-led. This contrasts with many counter-trade arrangements where importers are expected to take on product from developing

countries regardless of its quality or relevance to the end-market.

CIM was invited to work on the project, which will produce canned ratatouille, asparagus, mange-tout peas and broccoli, after it warned the Hubei authorities against constructing a plant to produce tomato paste, a heavily protected product, he said.

As part of the deal, CIM will provide continuing expatriate management advice for the plant to assure quality control and maintain EC and US Department of Agriculture health standards. Under the countertrade arrangement, it will also provide vegetable seeds and the raw materials for producing them.

Despite the high international tariffs on canned vegetables, amounting to 22 per cent in the case of the EC, CIM believes the relatively low Chinese wage costs should make the factory's product competitive.

Financing for the deal had to take the form of a conventional export credit because the ECGD has not yet agreed to guarantee countertrade transactions.

It is now considering move into this sector. Were it to do so, bank financing for counter-trade deals would be much easier to obtain, Mr Wright said.

Norwegians win contract to insure oil platform

BY KAREN FOSSLI IN OSLO

VESTA, Norway's second largest insurance group, has landed a \$5m (£2.7m) contract to insure an offshore oil platform for the Jollett field, which is being developed in the Gulf of Mexico by Conoco, the energy subsidiary of the DuPont Company.

The insurance coverage for the platform, being built in Singapore, is for \$285m. Vesta is participating as a member in a 20-insurance company consortium. Each insurance company has about 20 underwriters behind it.

In 1987, Vesta generated an income of Nkr 1.5bn (£100m) from insuring marine-related structures and vessels. It ranks among the world's largest marine insurance companies. It has also provided \$387m in coverage for Conoco's UK-based subsidiary for nine Southern Basin gas fields, in a Nkr 92m contract.

Vesta also provided Nkr 51bn in coverage for Norway's state oil company, Statoil, in a Nkr 105m deal for its three Stafford oil platforms.

Vesta says that in a "worst case" pay-out, it would be obligated for Nkr 6m, because of the limitation of risk provided by its underwriters.

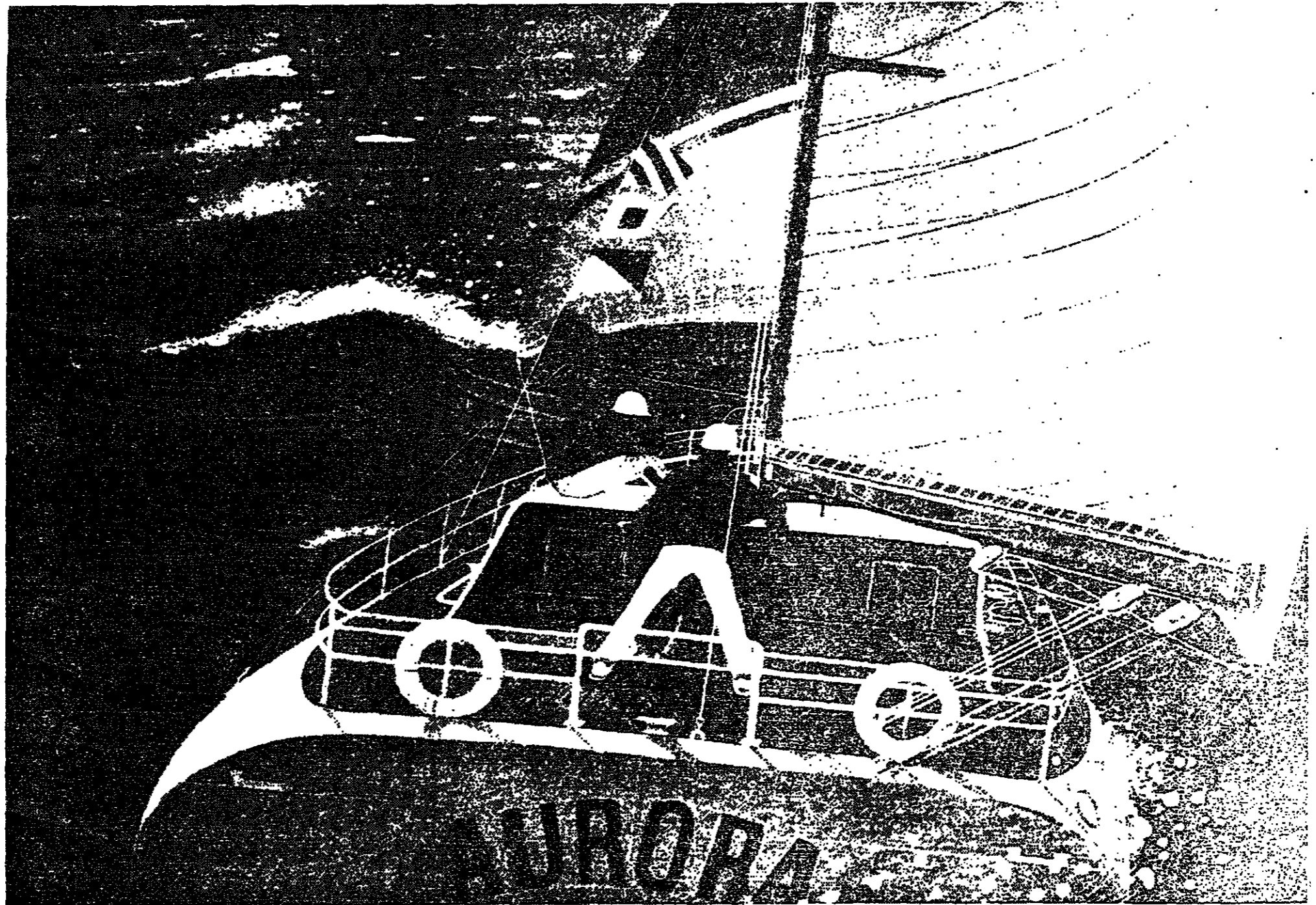
However, in one offshore-related disaster, the 1981 upending of the semi-submersible Alexander Kielland off the coast of Norway, a total of Nkr460m had to be paid out by insurers. In Canada an offshore gas blow-out in the West Venture field demanded a \$200m pay-out.

Currently insurance coverage does not exist for production shut-down of oil or gas fields, but Vesta says this will become a new market for the future.

Behind Britain, Norway ranks second among the world's insurers, followed by the US.

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UK NEWS
**Peter Riddell on the loneliness of a long-distance prime minister
Whitelaw leaves political vacuum**

COMPARISONS between Mrs Margaret Thatcher, the Prime Minister, and Queen Elizabeth the First and Queen Victoria are not just the fantasies of her more fervent supporters. Like them she is a survivor, outlasting her early colleagues and advisers.

With the enforced retirement on health grounds of Lord Whitelaw, the Deputy Prime Minister, only three of her original May 1979 Cabinet remain - Sir Geoffrey Howe, Mr George Younger and the resilient Mr Peter Walker. All the former senior allies of Mr Edward Heath have now left and the rest of the Cabinet owe their promotion entirely to her.

With Mr Norman Tebbit, former party chairman, also gone, this leaves Mrs Thatcher in a detached, and isolated, position. Many in the Cabinet appear as solid office-holders rather than as major political figures, while others, such as Mr Kenneth Baker, the Education Secretary, regard themselves as possible successors.

There are few people around now who have the confidence, and independence, to challenge her and persuade her that she should, at times, change her views on an issue.

Lord Carrington performed this role over foreign affairs from 1979 to 1982, and Lord Whitelaw had a comparable general influence for several years - intervening to prevent arguments between ministers developing into major rows.

This involved not just acting as the Cabinet conciliator - both informally and formally each autumn when chairing the Star Chamber committee on public spending - but also in giving candid private advice to Mrs Thatcher. Lord Whitelaw's was a voice she could not ignore.

Lord Belstead, his replace-



Close friends: Lord Whitelaw and Mrs Thatcher

ment as leader of the Lords does not have his political weight or natural feel. These talents may be required this summer when the Government runs into trouble in the upper house over its more controversial bills, and someone will have to tell Mrs Thatcher and departmental ministers when and where to make concessions.

Lord Whitelaw's departure leaves a considerable political vacuum. Sir Geoffrey Howe and Mr Nigel Lawson are now the most powerful figures in the Government, but they are too busy to act like him as a loyal and disinterested funder.

The obvious successor to Lord Whitelaw's role, if not his mantle, is Mr John Wakeham, the leader of the Commons. A successful Chief Whip, he is by temperament a behind-the-scenes operator - arranging parliamentary business and sorting out disagreement between ministers. Indeed, he has worked closely with Lord Whitelaw since 1983.

Mr Wakeham is not, however, a natural public performer. He

had a well-publicised rough ride on a phone-in during the last election campaign and he lacks the relaxed humour of his predecessor, Mr John Birt. There also appears to have been a cooling of his previous association with Mrs Thatcher in the months after the election. This is partly because the leader of the Commons is preoccupied with Westminster affairs and does not have the automatic regular access to the Prime Minister of a Chief Whip.

Nevertheless, Mr Wakeham now appears to be enjoying something of a comeback in influence, though at present without Lord Whitelaw's authority.

Otherwise, Mr Douglas Hurd, the Home Secretary, and Mr Nicholas Ridley, the Environment Secretary, both apparently enjoy immediate access to Mrs Thatcher and have, though not in the position of candid friends to her.

Lord Young, the Trade and Industry Secretary, had the fastest rise of anyone in the

last parliament but relations with the Prime Minister were strained when he, too openly, sought to become Conservative Party chairman as well. With some justice he blames Lord Whitelaw and Mr Wakeham and he is still in the process of rebuilding bridges.

Mr Cecil Parkinson has also apparently been a frequent visitor to Downing Street, but his priority is establishing himself in Government as Energy Secretary, particularly in formulating plans for electricity privatisation.

So, who does Mrs Thatcher talk to when she wants to unwind with people she can trust? Mr Parkinson and one or two of the others can be counted as friends, if not cronies.

But like other political leaders who outlast their contemporaries and become more than primaes later years, Mrs Thatcher has come to rely for candid advice on her personal staff in Downing Street. Both Mr Charles Powell, her foreign affairs private secretary, and Mr Bernard Ingham, her press secretary, are said by ministers to enjoy considerable influence, at times more than that of members of the Cabinet.

All this goes back to the comparison with Queens Elizabeth and Victoria. Both easily outlasted their early advisers, Lords Burghley and Melborne, respectively. They tended to become more isolated over time, with courts in which people moved in and out of favour with the sovereign, who relied increasingly on personal staff.

The question now is whether there is anyone in the Cabinet who can stand up to the Prime Minister and tell her when to modify her views - and, if necessary, eventually - when to stand down.

Government seeks safer furniture foam

BY NOR OWEN AND ALICE RAWSTHORN

THE GOVERNMENT intends to ban standard and high resilience polyurethane foam in new household furniture from the end of February next year.

Tougher than expected proposals for reducing the fire risk of such material, were announced by Mr Francis Maude, the Consumer Affairs Minister, yesterday.

He envisaged the introduction of more rigorous tests for furni-

ture coverings. This follows a recent spate of household fires in which deaths were attributed to fumes released by burning foam.

Mr Maude also admitted that members of the European Community could lodge objections that the more stringent standards constituted an unjustified barrier to their furniture exports to the United Kingdom.

The penalties embodied in the

proposed regulations involve fines of up to £2,000 and imprisonment of up to six months, or both, for each offence.

The furniture industry, which has long been in favour of safer foam fillings, greeted the Government's news with relief.

The industry had feared that the Government would yield to public pressure by imposing an immediate ban on the use of

standard foam. Mr Byron Lewis, a director of Christie Tyler, the Hillside Holdings subsidiary which is the largest manufacturer of foam-filled furniture in Britain, described the Government's timetable as "very realistic".

Most of the major foam suppliers have been developing combustion modified high resilience foams.

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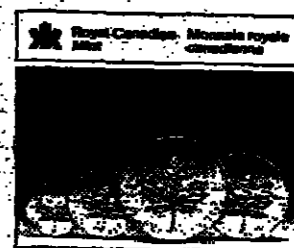
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UK NEWS - EMPLOYMENT

Tesco to quit pay bargaining body

BY JOHN GAPPER, LABOUR STAFF

TESCO, the supermarket chain, is withdrawing from the national pay bargaining body...

staff administer the MFREA - said the decision would disrupt pay bargaining...

up a statement of intent with Ugdav, the shopworkers' union, covering areas such as job evaluation, rationalisation of pay structures...

some time at being tied to the MFREA and wanted a new pay strategy as part of an expansion strategy.

TUC body supports MSC plan on training

By Charles Leadbeater, Labour Staff

THE TUC seems almost certain to support the Manpower Services Commission's plans for a £1.4bn training programme for the adult unemployed...

College lecturers back outline accord for two-year pay deal

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE TWO sides in the long-running college lecturers' pay dispute yesterday announced an outline agreement which would give further education colleges greater flexibility to lay on vocational training courses for industry.

maximum of 21 hours a week of "class contact" or teaching, rising to 23 1/2 hours in the event of "unbalanced workload" in the college.

The agreement, said by the employers to add 12.5 per cent to the £1bn pay bill, is due to be put to a meeting of the national joint council negotiating body on February 2.

New town part-time staff rise

BY OUR LABOUR EDITOR

PART-TIME working among men is increasing in the new town of Milton Keynes - recently ranked as Britain's most successful town.

Men working part-time form a small proportion of the total UK labour force, but the latest annual employers' survey carried out by the Milton Keynes Development Corporation shows that the proportion of male part-timers rose by a quarter between 1986 and 1987...

John Speck on the impact of the housing shortage Workers who sleep in cars

CONSTRUCTION workers from the north and Midlands who have found employment in the Gatwick and Crawley areas of West Sussex are sleeping in their cars because of a local accommodation shortage.

One construction worker who sleeps regularly in his car at Gatwick said last week that he came south from Huddersfield seven weeks before after nine months of unemployment.

Unemployment in Crawley has fallen from 6.9 per cent to 3 per cent in the past 18 months, and local businessmen are worried that the housing shortage limits their recruitment of skilled staff from other areas.

Court rules council wrong to stop pay

BY OUR LABOUR CORRESPONDENT

THE High Court ruled yesterday that a local authority worker should not have had his pay withheld for refusing to deal with councillors' inquiries during a local industrial dispute.

Mr Justice Michael Davies ordered the London Borough of Tower Hamlets to pay about £1,000 in back salary to Mr Marek Wiluszynski, who worked in the authority's housing department.

limited industrial action." The High Court heard that Mr Wiluszynski had been one of 22 Nalco members at Tower Hamlets who had been applying disruptive sanctions in support of a grading claim in 1986.

SAYE share options 'values triple'

BY JIMMY BURNS

MOST EMPLOYEES contracted into save-as-you-earn (SAYE) share option schemes have seen the value of their investments at least triple over the last five years, according to a survey by the Industrial Relations Services research company.

The survey found that, even with the stock market crash last October, share prices are still a "long way above" their values in 1981-82 when many of the schemes began.

Bcal averts action over staff hours

BY JIMMY BURNS

BRITISH Caledonian has narrowly averted a repetition of an incident which brought the company to the brink of a strike as union officials.

DC-10 to Houston emptied of passengers after the cabin crew refused to carry on working.

sure his members were put under when "there is a shortage of cabin staff."

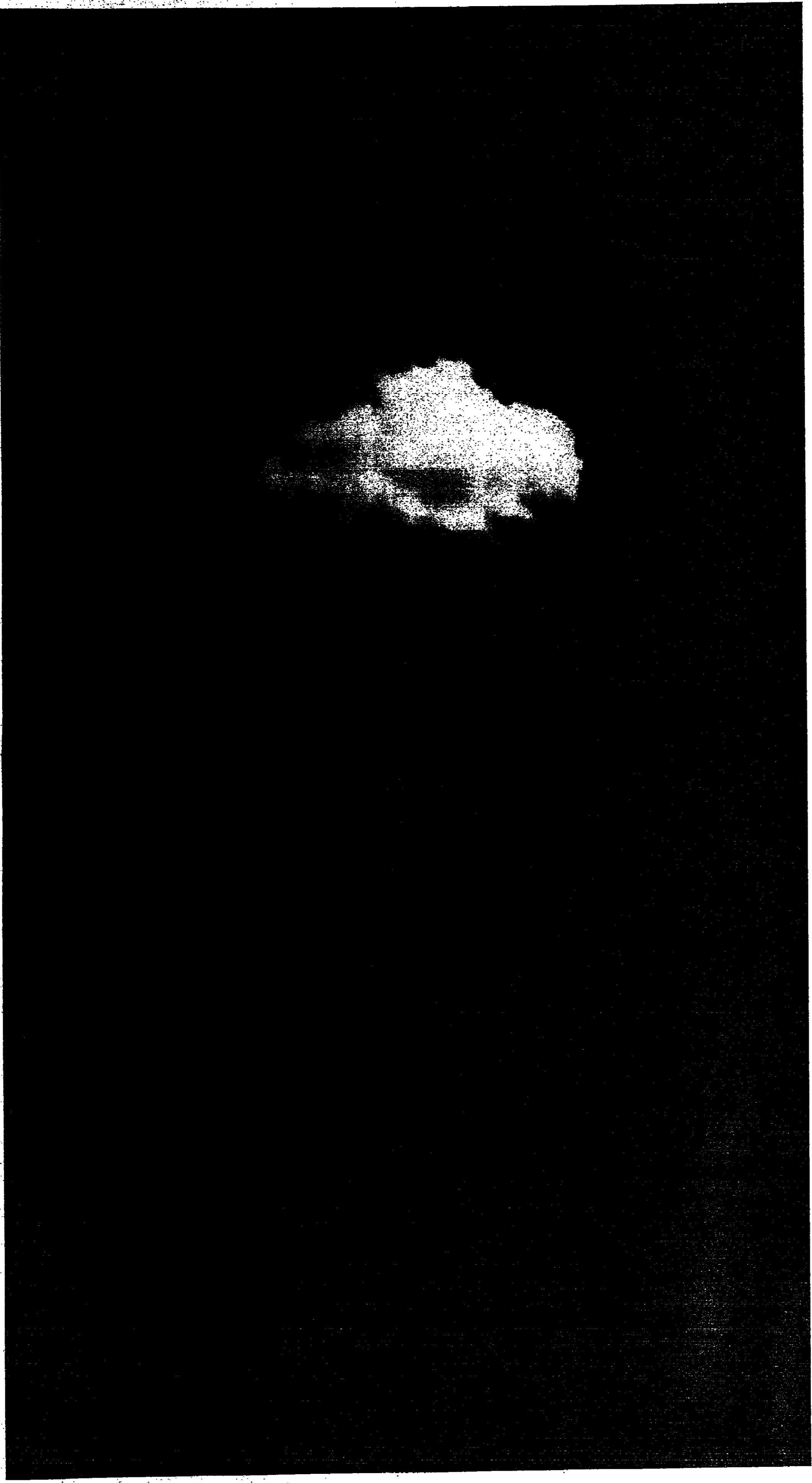
However, the paper argued that many trainees will be paid more than participants in the commission's TOPS programme, which the unions have long supported.

Table with columns: High/Low, Company, Price, Change, Div, Yield, % P/E. Includes companies like Anglo, BSB, Barclay, etc.

Advertisement for 'Business & Market Research' and 'Food Industry' survey.

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UK NEWS

Pilkington and BOC back laser surgery venture

BY DAVID FISHLICK, SCIENCE EDITOR

BOC and Pilkington are sharing a \$10m investment in a new Scottish high-technology venture to develop a world market for laser surgery systems. The joint venture combines Pilkington's laser technology, originating with work for the Ministry of Defence, with BOC's international position in health-care already worth about \$500m a year.

Staff in DIY stores 'may miss chances to make sales'

By Maggie Urry

DO-IT-YOURSELF stores appear to be missing opportunities to make sales through a lack of knowledgeable staff, says a survey by Management Horizons, the retail management consultancy.

Interviews with 600 DIY customers carried out last summer suggested that less than half of those entering a DIY store knew exactly what to buy. The others relied on advice from staff and stores' information leaflets. A low proportion of shoppers were happy with the advice available.

Michael Donne looks at British Airways' prospects after the BCal takeover

Airline flies through turbulent merger



Lord King (right), chairman of BA, talks to Sir Adam Thomson, then chairman of BCal, during last July's merger talks

BRITISH AIRWAYS expects to earn profits from the merger with British Caledonian Airways by next year, in spite of BCal's operating losses during recent months.

Although some legal matters have still to be settled, BA is now managerially in full control of almost all BCal (the only exception being the 50 per cent stake in the subsidiary Cal-Air held by the Bank group).

As a result, speedy progress is expected over the next few weeks in integrating the former "second forces" airline fully into British Airways.

through eliminating airport costs, staff costs, office rents and other duplicated expenses in the many UK and foreign cities where hitherto BA and BCal have been rivals. These cities include Manchester, Glasgow, Edinburgh, New York, Los Angeles, Tokyo (where BCal's cash flows are especially heavy), Hong Kong and many European cities.

CEGB may pipe gas to south-east

THE ELECTRICITY industry is considering building an overland pipeline to supply North Sea gas to power stations in south-east England where it is short of generating capacity.

GEC-Plessey talks progress

GENERAL ELECTRIC Company and Plessey, the two UK electronics companies, are expected to have concluded most of the detailed arrangements for their joint venture by next month.

Call for action on S Wales

REVITALISATION of the industrial valleys of South Wales has to be seen as an economic rather than a social issue, according to a report published yesterday by the newly-formed Institute of Welsh Affairs.

Tractor sales ranking changes

CASE-IH displaced Massey-Ferguson last year as the second largest tractor manufacturer in the UK.

Rowntree products cut

BY LISA WOOD

ROWNTREE Mackintosh Confectionery, the UK manufacturing arm of Rowntree, the York-based confectioner, is to cease production of two chocolate assortments lines with the loss of 190 jobs at its Norwich factory.

Advertisement for FT Financial Times Conferences, Cable Television and Satellite Broadcasting, London 17 & 18 February, 1988.

Accountancy firm will change name

By Richard Waters, Accountancy Correspondent

Woolworth in £16.7m leaseback deal

WOOLWORTH HAS sold 30 of its high street shops to London and Metropolitan, the property company, and leased them back for 25 years.

Peter Marsh on the dispute between research-based and generic drug companies

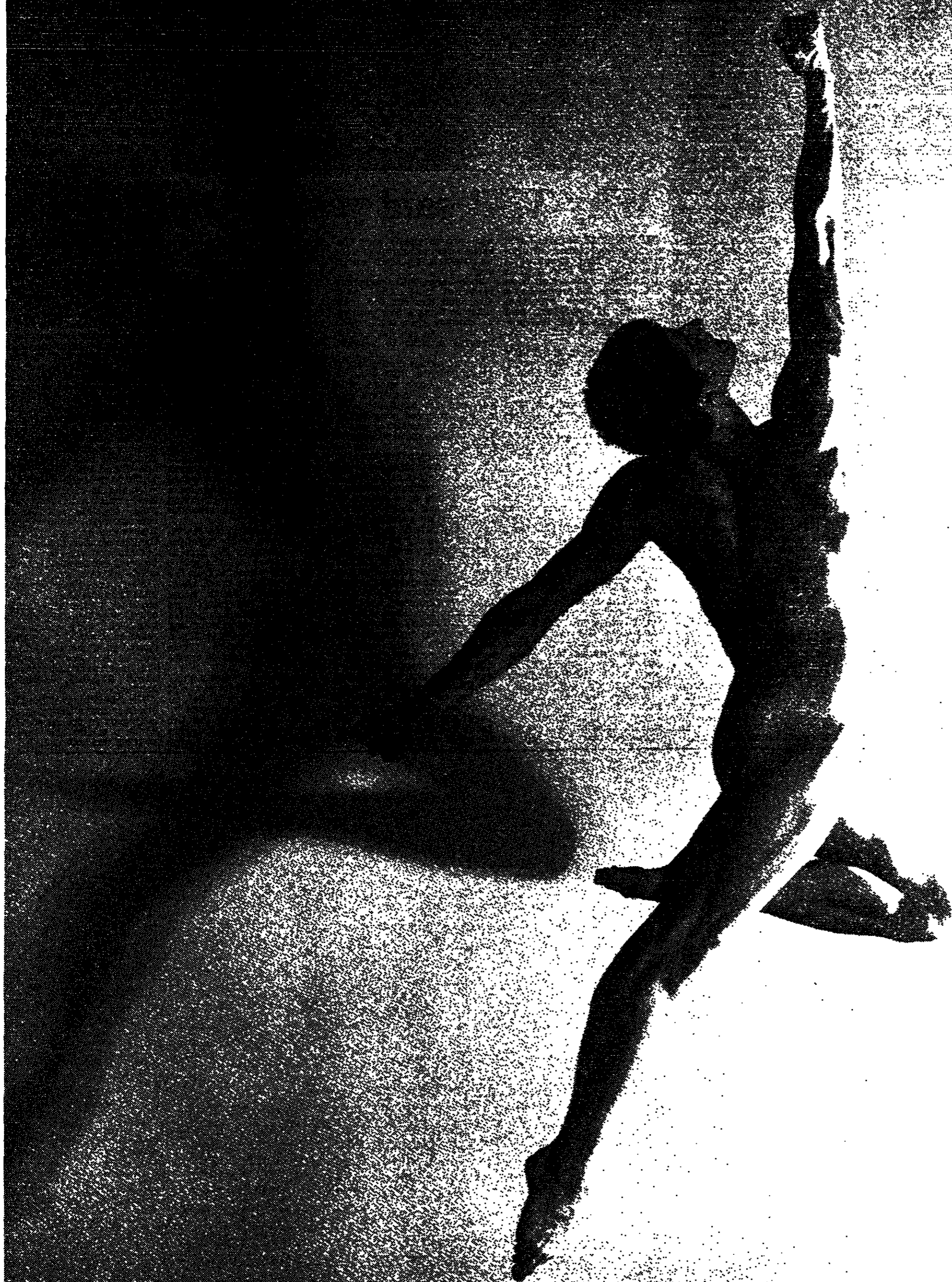
Finding a cure for the ills of drugs makers

Local authority finance project

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TECHNOLOGY



Alan Cane explains how senior management's resistance to computers is being broken down by the Macintosh



Keyboard-shy executives lose hearts to the friendly Mac

JUST WHEN IBM, the Goliath of personal computing, seemed to have the match in its pocket, little David has bounced back off the ropes to deal a telling blow.

Compelling evidence is emerging in the US and Europe that the productivity of white collar workers increases more dramatically if they use personal computers with features designed to make them "friendly" - such as Apple's controversial "Macintosh" family - rather than the industry workhorse, the IBM PC, with its formal, data processing approach.

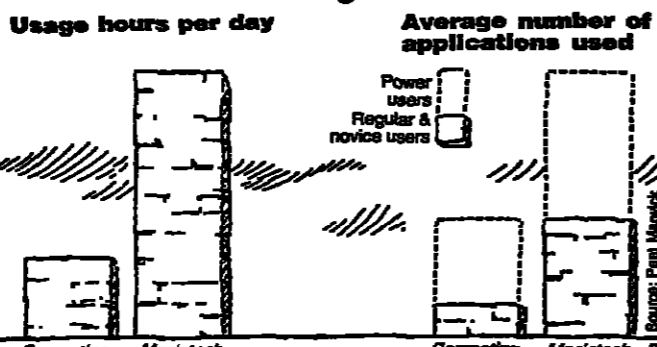
A clutch of research projects and case studies now suggests that the Macintosh approach may prove the best answer to one of the least tractable problems in promoting information technology in business - how to persuade senior managers and executives to use computers themselves rather than relegating their use to junior and secretarial staff.

The Macintosh, launched in 1984, was the first low-cost personal computer to feature "icons" (small pictures on the screen representing activities such as filing or word processing) and the "mouse", a screen pointer controlled by rolling it over the desktop.

Derived from ideas developed in the early 1970s by the Xerox organisation in Palo Alto, it was a breakthrough in computing for non-experts but it was not a success in the business world. It was small, under-powered and a little like a toy. The IBM PC, launched three years earlier, already had a tenacious grasp on the corporate personal computer market. In 1986, IBM had some 40 per cent of the worldwide PC market, with Apple in second place at just over 13 per cent.

In the past two years, however, anecdotal evidence has suggested that the Macintosh has established itself firmly in the business sector as the personal computer of choice with executives and occasional computer users who were put off by the complexity of IBM's PC/DOS operating system. Now the evidence is firming up.

In the US, interim conclusions from a study by Pest, Marwick Main, the management consultants, suggest that in personal computing, ease of use promotes use. "Productivity, quality, efficiency and effectiveness gains are reported by all levels of white collar workers from



vice-presidents to clerks," says the study. "Knowledge (white collar) workers, particularly, experience improved creativity, power of communications and quality of work life."

In the UK, the first conclusions are beginning to emerge from a pilot project involving networked Macintoshes and IBM PCs carried out at Trustee Savings Bank (TSB) headquarters, and monitored by the management consultants, PA (see accompanying article).

Jack Large, controller of financial services develop-

ment for the TSB says: "As of today, I believe the Macintosh is the most effective executive workstation available."

The image of Apple - an iconoclastic, hard to manage company - and the Macintosh remain a problem however. The company is "clearly a maverick in the computer industry," according to Gartner Group analyst Douglas Cayne. "Many people will not even consider Apple because of its image, refusing even to find out what a Mac really is."

But commercially, the tide seems at last to be turning.

Cayne argues that the Macintosh reached a critical level for viability in number of users and number of available software programs a year ago. There are now more than 1.5m users worldwide and Apple sells more Macs than any vendor, except IBM, sells personal computers.

Among the conclusions from the Pest Marwick study, one of the most detailed ever undertaken of the benefits to be gained from using a particular model of personal computer, is the ease of use and the Macintosh. The Mac seems to promote greater use of the machine than what the study terms competing technology - in other words, IBM PCs running PS/DOS as the operating system, and higher use provides many more opportunities for efficiency and effectiveness to occur," says the study.

"Knowledge workers using the Macintosh," it continues, "seem to work with a greater sense of immediacy than workers using manual process or competing technology."

"Because of ease of use, the workers have learned a large number of computer applications and feel capable of starting and stopping a whole job without having to interrupt work to enlist the aid of support personnel."

Based both in the TSB's headquarters in Milk Street, London, and in its Milton Keynes offices, the project was designed to automate the work of a group of people in the bank's financial services development (FSD) department as it brought a new (and still confidential) financial product to market.

A review of the project - which the TSB calls "team systems" - by the management consultants PA concludes that real savings were made.

While Apple has a commercial advantage at present, as the pioneer of Macintosh technology, the competition is catching up.

Digital Research's Gem software makes current IBM PCs look like a Macintosh. IBM's next generation operating system OS/2 for the Personal System/2 machines will have a facility called Presentation Manager which to all intents and purposes confers the benefits of Macintosh technology.



Imaginative use of Macintoshes by Jack Large (far left) and Haydn Taylor resulted in significant cost savings during the TSB project. Fewer secretaries were needed and the project team itself was smaller than most banks would consider necessary for providing equivalent results.

Why TSB said yes to Apple power

THE TRUSTEE Savings Bank, a recognised pioneer in electronic banking systems, is almost a year into a pilot project in office automation which opens the prospect of a new and more effective method of working, and which seems to validate productivity claims for the Apple Macintosh.

Based both in the TSB's headquarters in Milk Street, London, and in its Milton Keynes offices, the project was designed to automate the work of a group of people in the bank's financial services development (FSD) department as it brought a new (and still confidential) financial product to market.

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The launch of Presentation Manager, however, is still a year off. Little David will no doubt continue to use his slingshot to best effect while the summation is at hand.

and presentations and the assimilation of masses of documentation without extra staff.

Jack Large, FSD controller, reckons that the new approach has cut the time taken to bring a new product or strategy from initial idea to the promotion stage from several months to several weeks.

Team Systems grew out of a belief within FSD that it would function more efficiently if it shared work better, cut out duplication of effort, improved communications and made better use of the available space and equipment.

The starting point was that there are two principal ways in which staff in offices operate: team working, where a group works on a project or problem, and chain working (accounts or personnel are examples) where individuals work essentially as part of a production system.

FSD fits in the first category. It generates ideas for new products and group strategies, identifies problems in their development, analyses solutions, identifies alternatives and finally chooses and promotes the best option to the group's senior management. Key activities are high quality document production and distribution, and fast and reliable communications.

Many of the group's work problems could be overcome, Large and Haydn Taylor, the group systems controller, reasoned, if each member of the

group had a personal computer and was connected by telecommunications lines to every other member ("connectivity").

TSB has a strict rule, however, that only IBM PCs or PC clones are permitted, in the company.

There was a well-recognised reluctance among some of the FSD staff to become involved in traditional IBM-style personal computing. Large, an Apple enthusiast, argued persuasively that the barriers might be broken down if Macintoshes were accepted as the personal computer of choice.

His view was accepted, the IBM-only rule was bent, and in April 1987 the project went live, linking both Macintoshes and Olivetti PC clones in a complicated system involving both local and wide area networks.

Large's belief in the Macintosh as a friendly machine was vindicated. PA reports that members of the group were getting benefits from the system, without much training, in three weeks. Some members of the group were using the system for up to 70 per cent of the working day compared with conventional office automation trials where 25 per cent is exceptional.

Group members use a small number of powerful pieces of software including "More", an ideas processor developed by Living Videotext of the US. "The most exciting software I've seen so far" Large

enthusias. Other programs include Microsoft's "Excel" spreadsheet and "Omni" relational database software from the UK company Rhyth.

Connectivity remains, Haydn Taylor accepts, the chief headache although the group has gone a long way to curing it. TSB's own telecommunications engineers suggested waiting until international standards for the interconnection of computers of different makes (Open Systems Interconnection or OSI) arrived before attempting the Team Systems link up.

In the end he was able to link the team together using a mixture of Apple and Digital Equipment networking methods linked into YeaNet, the TSB's high-speed data highway and some special software written by TSB computer specialists. It means that messages, documents and figures can be shunted round the FSD group at high speed - but there is some way to go before it can be applied to the whole organisation.

What the Team Systems pilot has pioneered is a rapid approach to the introduction of office systems, giving team members speedy access to a range of powerful and sophisticated computer based tools. And at low cost: the whole TSB experiment has cost only about £50,000, including hardware.

The friendliness of the Macintosh seems to have played a large part in the speed with which a totally new way of working was accepted.



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Van Gogh, throughout his short tortured life, was virtually ignored by the "best" critics of the day.

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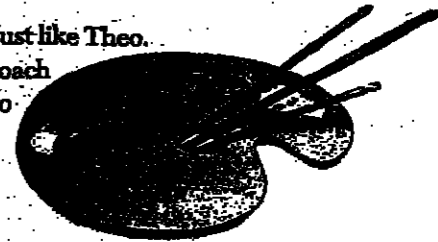
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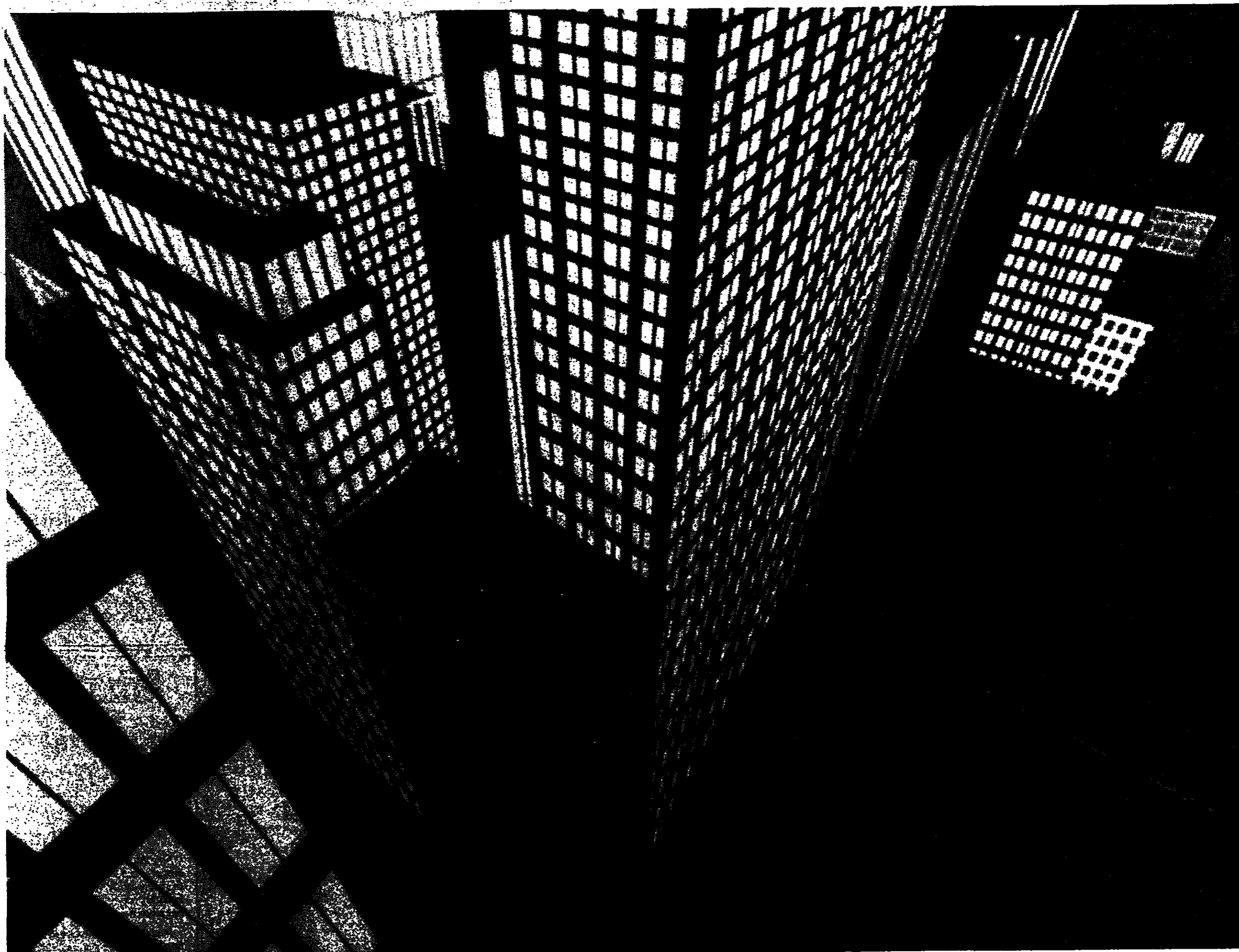
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Michael DiCerbo, "Infernus," acrylic on canvas, 1984. From the Refco Collection.

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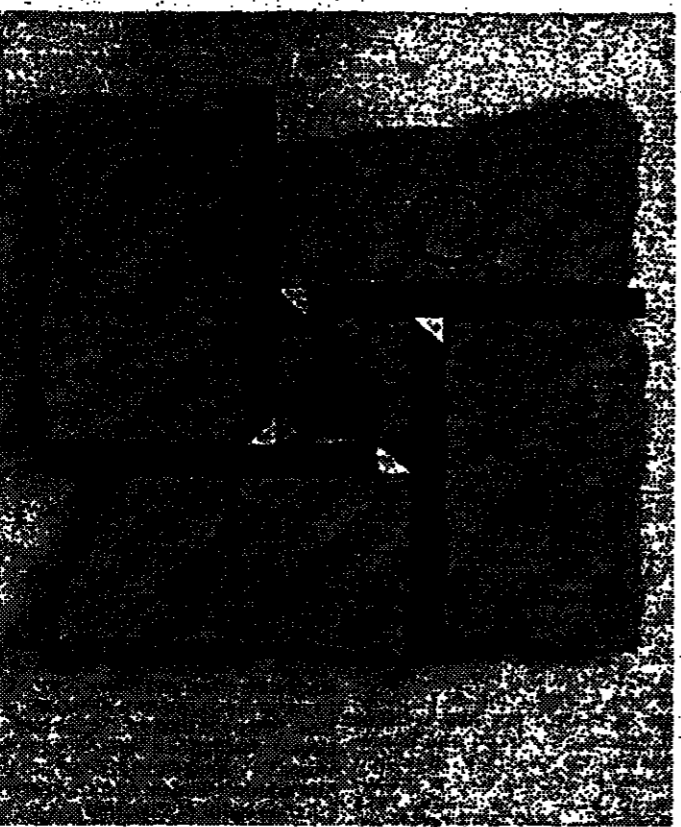
Current invocations to the gods

In an art world that seems as set as ever in the belief that newness is all and novelty is to be valued for its own sake...

with the formal qualities of alphabets and letter-forms, the visible structures of language and thus the actual vehicles of ideas...

of the simpler and far bolder presentation of a single, symbolic image with its related, signifying name or text...

The Greek gods also figure specifically in certain of the later works of Barbara Hepworth currently on show at the New Art Centre...



'Kore,' 1886, by Joe Tilson

Birtwistle/Barbican Hall

Andrew Clements

'Jontess Paradise' is the title for four concerts organised by the BBC at the Barbican this week, devoted to the music of Harrison Birtwistle...

plete Mask of Orpheus, one is struck less by their similarity and more by their differences. They represent the creative paths generated by the Orpheus material but not followed up in the opera itself...

final tragedy is portrayed, seems to me a musical conceit, to equal anything in the opera of the last 50 years. One aspect of the work was only touched upon in this extract...

conductor Elgar Howarth mastered the exceptionally difficult score in the theatre was thrillingly recaptured here. As Orpheus the Man Philip Langridge was passionate, comprehensive, articulate...

Benny Goodman's Carnegie concert commemorated

Exactly 50 years after clarinetist Benny Goodman made jazz history by taking his band into New York's Carnegie Hall...

Arts guide

Opera and Ballet

LONDON

Royal Opera (Covent Garden). The latest Rossini opera to join the Royal Opera repertoire is L'italiano in Algeri...

PARIS

Paris Opera. Opheus sur Euboea is conducted by Lothar Zagrosek with Michel Sénéchal, tenor...

ITALY

Milan. Teatro alla Scala. Verdi's I Due Foscari conducted by Gianandrea Gavazzeni...

includes Renato Bruson, Alberto Cupido, Linda Eder, Barbara Bonney, Luigi Roni and Renato Ceccantini...

deducted by Riccardo Chailly with Anna Maria Rina, Lella Devia, Daniela Dessì and Paolo Conti...



'Premier Chou En-lai, Mao's three secretaries, Chairman Mao, President Nixon and Dr Kissinger'

'Nixon' in Houston and Brooklyn

John Adams's first opera, Nixon in China, is a gripping and successful work I didn't expect to be saying so...

table couplets with Skeltonic tumbling verse for the Act 2 choruses; Marvell's Bermudas and Skelton's morality play Magnificence...

Nixon. Act 2: Pat Nixon's visit to a glass factory, a clinic, a pig farm (Adams sings Minutism in a Glassy pig-pig-pig-rapped chorus)...

2 should join the soprano repertoire, and Mme. Mao has a colorful showstopper. It's serious. And it's also entertaining...

'Perestroika' at the 30th Leipzig Film Festival

Ronald Holloway

Although the Grand Prix at the 30th Leipzig Festival of Documentary and Short Films for Cinema and Television (November 20-28)...

insiders: Rolan Sergiyenko's The Bells of Chernobyl (Central Studio for Documentary Moscow) was presented at the Berlinale last February...

pathetic approach to a spreading social problem which has as much to do with unemployment in changing times as anything else...

able care of mentally retarded and otherwise neglected children at a state institution. And Andras Der and Laszlo Hartai's Pretty Girls (Hungary)...

January 8-14

WEST GERMANY

Berlin. Deutsche Oper. Die Fledermaus features Carol Malone, David Schell, Alberto Rinaldi, David Kuhn, John del Carlo...

NETHERLANDS

Kristina de Chantal Dance Group with Stanch. Groningen. Oosterpoort. (Wed), (13 10 44)

NEW YORK

Metropolitan Opera (Opera House). James Levine conducts Fabiano Martini's production of Pelléas et Mélisande...

'Mahabharata' to be seen in UK

Peter Brooks' interpretation of the Indian epic 'Mahabharata' will be seen in the UK after all...

will be put into motion, with consultants, to provide case histories for general use. By September the Arts Council expects to receive details from its clients...

Advertisement for Financial Times featuring the headline 'Have your F.T. hand delivered in Norway' and contact information for Oslo (02) 684020.

Advertisement for Kent Opera featuring the headline 'New Parsifal at Covent Garden' and details about the production and funding.

FINANCIAL TIMES

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Tuesday January 12 1988

Mr Takeshita in Washington

THERE IS one thing that Mr Noboru Takeshita, the Japanese Prime Minister, could do in Washington this week to please his hosts. He could announce the end of all protection now affecting US agricultural exports to Japan. He will not do this, nor should he — on a purely bilateral basis. Rather than offering presents to the US, in the manner of his country, he ought to be there receiving grateful American thanks and even handing out some advice of his own.

There is indeed a big difference between this maiden visit by Mr Takeshita and the several by his predecessor, Mr Yasuhiro Nakasone. Mostly, Mr Nakasone was obliged to deploy his considerable political wiles to keep the US sweet by pushing through a number of necessary reforms at home. His card was his personal relationship with President Reagan. Mr Takeshita, on the other hand, has no need to establish a similar rapport because Mr Reagan is in his last year of office. But, more important, there is a position to demonstrate to the US that Japan has done much of what has been expected of it.

The revising role of the Lords

VISCOUNT Whitelaw will be sorely missed by the British Government. His resignation at the weekend on medical advice leaves Mrs Thatcher without a deputy. Without a leader the stature necessary to command the House of Lords, without a trusted lieutenant able to assume an authority second only to her own and, above all, without a friendly councillor able to say, with forceful effect, "No, Prime Minister, that simply won't wash."

have both risen by 20 per cent plus and the fact that the US has not shared in this growth may owe more to the shortcomings of American producers than to the alleged barriers in the Japanese market.

On security issues, Japan can stress that it is continuing to increase its defence spending by more than 5 per cent a year. More than that, it is making what seems to be a sensible contribution to the defence of the Gulf by underwriting more of the cost of maintaining US forces in Japan. Given the value of the yen, this is relief the US should welcome.

Difficult defence This does not mean that the Japanese are now without fault. Japan is talking a great deal about contributing more to the international debt problem but the colour of its money is as yet indistinct. The \$2bn Mr Takeshita offered the Asean nations last month in Manila looked a bit too commercially oriented for comfort. A larger role for Japan in solving East Asia's debt problems and promoting growth in the region should be a much higher priority.

Alleged barriers His credit ledger must start with the performance of the Japanese economy. Far more than West Germany, Japan is, on the basis of the last half-year's figures, doing what surplus nations are expected to. The Japanese economy is expanding at a healthy clip, having absorbed the shock of an appreciated yen by promoting domestic demand. Fiscal austerity, while not forgotten in Tokyo, has at least been relaxed with some effective pump priming last year and a budget for the next fiscal year, starting in April, that shows an overall increase of 4.8 per cent.

replace him in that role. Mr John Wakeham, leader of the Commons, becomes Lord President of the Council; his position as councillor will be sorely missed, but he has some years to go before he can hope to acquire the political stature of Lord Whitelaw.

IF THE Chancellor of the Exchequer decides to seize his opportunity in the coming budget to introduce a tax reform worthy of the name, he will be following the example of a number of Britain's main trading partners. The United States, Australia and New Zealand have introduced big tax reforms in the last few years; West Germany and France have pursued more modest tax reforms; and Japan and Ireland have contemplated drastic overhaul of the tax system but backed down on part or all of the proposal.

What lessons could Mr Lawson learn from these attempts? Of them all, the American example is the most publicised: many Americans and a few Britons have been little short of ecstatic about the US Tax Reform Act of 1986. It is not, however, without flaws.

The claim — frequently made — that US personal income tax has been reduced to the two low rates of 15 per cent and 28 per cent requires a reservation. Over a middle range of income there is in effect a marginal rate of 33 per cent as personal allowances are phased out for the better off; once the allowances have gone the rate will drop to 28 per cent again. Moreover, the states also impose income taxes.

The big reduction in personal tax rates in the US was achieved partly by transferring \$120bn of the burden from the personal to the corporate income tax. There is no agreement amongst economists about who really pays corporation tax — the shareholders, the workers or the company itself — but it is agreed is that in the end it is borne by people — "business" as such cannot pay tax.

The man from Havana As if Wall Street did not have enough troubles, the commercial banks are being hit by its last lucrative franchises, the takeover business. At the head of the big bank assault is none other than the blue-chip Morgan Guaranty Trust, and its 42-year-old mergers specialist, Robert Mendonza.

Cedric Sandford, in the second of two articles, sees a great opportunity open to the UK Chancellor in his next Budget

A unique chance for reform

A further package in 1988 to lead to a personal income tax at a single rate probably between 20 and 30 per cent.

What makes for successful tax reform and why have some countries been more successful than others? Ironically, the worse the tax system to begin with, the more the chance of successful reform.

It helps if the tax system to be reformed is obviously rotten paid by the ordinary working man. Broadly speaking two approaches to tax reform can be distinguished — the incremental and the package. To civil servants the incrementalist approach is always attractive. It means working in known territory: less danger that tax revenue will fall; less fear of congestion and overwork in the Revenue department.

Australia has achieved one of the most thorough-going reforms — a big reduction in income tax rates; new taxes on capital gains and fringe benefits; and a new corporate income tax. The Government backed down, however, on its proposal for a broad-based consumption tax.

each individual from a revenue neutral package was not fencibly clear, but in each case reform may have been helped because almost everyone could identify clear benefits to himself — and usually benefits which increased his range of choice.

A package does not ensure success. The Irish Tax Commission's package was singularly unsuccessful because the Government lacked the political will to implement it. Similarly some element of political will was lacking in Australia and Japan to push through the broad based consumption tax.

The Government presented the summit with a draft White Paper on tax reform, containing the Government's proposals for a package, but also certain options. Mr Keating, the Treasurer, wished to introduce a broad-based consumption tax. In face of opposition to this proposal, the Government dropped it. Consequently the scope for cuts in income tax was considerably reduced and the Treasurer was left to do his best to improve the wholesale taxes, which are necessarily of narrower base and more distorting than a consumption tax that includes personal services.

Where major changes are needed, a broad package, presented as a single entity, with a package, as in the US, Australia and New Zealand, is more likely to succeed. The balance of advantage to

| | April 1, 1987 % | Reduced rates | Standard rates | Increased rates |
|----------------|-----------------|---------------|----------------|-----------------|
| Belgium | | 1.0 & 6.0 | 18.0 | 25 |
| Denmark | | | 22.0 | |
| France | 2.1, 4.0 | 5.5 & 7.0 | 18.6 | 33 1/3 |
| W. Germany | 7.0 | | 14.0 | |
| Greece | 6.0 | | 18.0 | 36.0 |
| Ireland | 2.4 & 10.0 | | 25.0 | |
| Italy | 2.0 & 9.0 | | 18.0 | 38.0 |
| Luxembourg | 3.0 & 6.0 | | 12.0 | |
| Netherlands | 6.0 | | 20.0 | |
| Portugal | 8.0 | | 16.0 | 30.0 |
| Spain | 6.0 | | 12.0 | 33.0 |
| United Kingdom | | | 15.0 | |

* Includes estimates and includes apart from exports. Source: European Community. CHRIS WALKER

reformed is obviously rotten, the most important ingredients of success for major tax reform seem to be a comprehensive package, which may need to include social security provisions as well as tax measures; a Finance Minister who believes in the package and is prepared to stand or fall with it; a Prime Minister who will back up the Finance Minister; and a willingness on the part of the Government to prepare the way and win over opposition.

Mr Lawson, searching for lessons relevant to Britain, might wish to focus on the case of New Zealand, perhaps the most successful tax reformer of recent years. Its success rested on the introduction of a package of income tax and welfare measures, conceived and implemented as an entity in which the key element was a broad-based VAT at a single rate including fuel and clothes, argued for with conviction and determination.

Both arguments are invalid — or at least there are better ways of achieving the objectives. Certainly the zero-rated items have the effect of making VAT a mildly progressive tax, and levying a standard rate on the zero-rated products would mean a substantial rise in the retail price index, which could set off an inflationary spiral.

absolute terms. The Institute for Fiscal Studies estimated that (in 1984) 65 per cent of the bold course would be implemented. As the lower income groups would not lose by the changes, there is no reason for a knock-on inflationary effect if the measures are properly presented. As for the Commission's proposals, these have yet to be agreed and, if agreed, member states are free to choose their own paths as long as the goal is reached by January 1, 1993.

Neither of these are insuperable difficulties; either of two courses could be followed. The alternative would be to present the package as a whole, but implement it gradually throughout the life of the parliament. A VAT rate of 3-4 per cent could be added each year to the presently zero-rated products and the other changes could be similarly phased. The annual increase in the retail price index would then only be of the order of 1 per cent. The full standard rate would thus be attained by the end of this parliament as would the full implementation of the tax reform. If it became clear that the Commission's proposals were to be implemented, then the VAT increase on the goods listed for the reduced rate could be stopped after the second year and the full implementation of the tax reform completed by a rise in the standard rate on the remaining goods.

The author is Professor Emeritus at the University of Bath and former Director of the Bath University Centre for Fiscal Studies.

OBSERVER

plead insanity, but - the present Earl says - did it so well that he was judged to be sane.

Marching south The strains of an Ikla Moor Baht (southern translation: On Ikley Moor without a hat) are likely to be ringing out in the Cheapside branch of Yorkshire Bank in the next few days. Graham Sunderland, general manager and chief executive officer has plenty to sing about.

Hanging by silk The thirteenth Earl Ferrers who was yesterday appointed deputy lead of the House of Lords, has an interesting ancestral past as well as a possibly intriguing future.

Learning curve With the average life of a Brazilian finance minister now down to under 10 months under the administration of President Jose Sarney, one wonders why Malison da Nobrega has agreed to take up the job.

Bedstead For those who recall John Relestead, the new leader of the House of Lords, in his first job wielding authority as a prep school master at Selwyn House, Broadstairs, he was best known as a gangling man whose spindly legs were more than exposed when he indulged in his beloved tennis.

Right stuff Some people have no respect for royalty. Ovation Ltd, the Middlesex Bandy toy and fancy goods makers, have launched a new line of Charles and Diana pyjamas bags featuring stylisable miniature figures of the heir and his wife dressed in their nightshirts.

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CGT still falls foul

From Mr Peter J. Kleeman. Sir, Your editorial (January 8) on taxation is both timely and interesting...

Letters to the Editor

The prudent are heavily penalised

From Mr Louis Parsons. Sir, Your editorial 'Tax challenge for the UK' (January 8) suggests that 'there is unlikely to be a better opportunity for far-reaching structural reform this side of the 21st century'...

First, Israel must be allowed to exist

From Mr L.A. Hoffman. Sir, I was interested to read in your edition of January 7 Mr David Mellor's statement on his return from Israel...

Mellor visit may have helped

From Mr Ansel Harris. Sir, Many here share the international community's anxiety that a just and peaceful resolution of the Palestinian problem be found...

Easy way to ensure nuclear contribution

From Mr G.J. Hayton. Sir, I am surprised at the ease with which the Central Electricity Generating Board seems to be winning its arguments to remain unchanged on its generating side...

Electricity under privatisation

From Mr Alex Bennett. Sir, Mr John Baker's letter (December 22) suggesting that I misrepresented him, and misunderstood his views...

Confusion may be aggravated

From the General Secretary of the Trades Union Congress. Sir, Your article yesterday (January 11) concerning proposals to give reduced Labour Party subscriptions to union members...

PRP is more useful than it appears

From Mr Richard Percival. Sir, Philip Bassett's article (January 5) highlighted the generally poor response to the Government's initiative of profit related pay...

Sign languages needed on a CV

From Mr John Curran. Sir, Poor Gordon Neal, having to assess candidates for jobs on the Continent without 'all the signs by which you judge people in the UK - accents, education and previous employment'...

It would be better to introduce limited competition

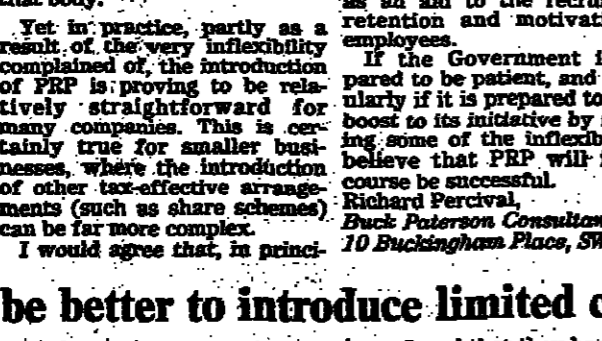
From Mr F.R. Bostler. As Martha Hesse, the chairman of the Federal Energy Regulatory Commission, has pointed out, problems have arisen; there will have to be changes...

Does it have anything for getting staples out of cheques?

Does it have anything for getting staples out of cheques? This cartoon depicts a man holding a cheque with a staple, while another man looks on.

PUTTING THE PASSENGER FIRST

Since January 1, business travellers have had every reason to celebrate the new year. Free champagne is just part of the service when you fly Austrian Airlines new Business Class...



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PUTTING THE PASSENGER FIRST

Letters to the Editor

Easy way to ensure nuclear contribution

From Mr G.J. Hayton. Sir, I am surprised at the ease with which the Central Electricity Generating Board seems to be winning its arguments to remain unchanged on its generating side...

Electricity under privatisation

From Mr Alex Bennett. Sir, Mr John Baker's letter (December 22) suggesting that I misrepresented him, and misunderstood his views...

It would be better to introduce limited competition

From Mr F.R. Bostler. As Martha Hesse, the chairman of the Federal Energy Regulatory Commission, has pointed out, problems have arisen; there will have to be changes...

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Avoiding the appearance of defeat

Perhaps the most solid reason for optimism lies not in the small print but in the atmosphere. Until a few months ago it was difficult to believe the Russians would withdraw...

Edward Mortimer reports on the prospects for a Soviet withdrawal from Afghanistan

Edward Mortimer reports on the prospects for a Soviet withdrawal from Afghanistan. He discusses the political and military aspects of the situation.

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FINANCIAL TIMES

Tuesday January 12 1988

DAIICHI
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Sony forced to sell rival video system

BY STEFAN WAGSTYL IN TOKYO
The Japanese electronics company which pioneered home video cassette recording with its Betamax system, is to sell VHS-format machines developed by its rivals.

than 5 per cent of world VCR sales. Mr Steve Bell, a Tokyo industry analyst with Salomon Brothers of the US, said it was now almost inevitable that Sony would abandon Betamax.

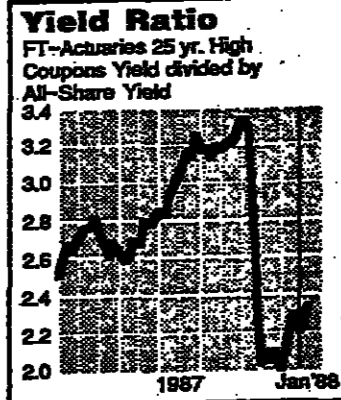
Seagram launches FFr4.5bn bid for Martell

By Paul Bette in Paris and Lisa Wood in London

SEAGRAM, the Canadian drinks group, yesterday launched a FFr4.5bn (\$808m) friendly takeover bid for Martell, topping a FFr3.9bn offer by Grand Metropolitan, the UK drinks and hotel group, for the venerable French cognac house.

The UK market was betting yesterday that Friday's collapse on Wall Street was not a re-run of October, and so far it seems to be right.

THE LEX COLUMN
A paler shade of Monday



and by so doing has set down an early marker against which other interpretations of the discretionary areas in the proposals can be measured.

Ian Rodger finds a new readiness by Tokyo to counter criticism on eve of US visit

Takeshita polishes Japan's image

THE legendary Japanese skill at focusing attention and energy on a particular target will be put to unusual use today as Mr Noboru Takeshita, Japan's Prime Minister since November, arrives in Washington for a three-day official visit.

Whisky proposals promised by June

Japanese Prime Minister Noboru Takeshita (right) yesterday told British Foreign Secretary Geoffrey Howe, who is on a five-day visit to Japan, that proposals to solve the long-standing Anglo-Japanese whisky trade dispute would be presented by June.



Takeshita: will be concentrating on achievements

A few marginal concessions will probably be offered on these items while Mr Takeshita is in Washington, but they are unlikely to spark patience, saying they have cleared a long list of bilateral trade issues in the past year or so.

Grand Metropolitan, which lifted its offer for Martell last week to FFr3,925, gave no indication last night of whether it would make an increased offer.

In October, after all the worry ahead of Black Monday was that pressure on the dollar resulting from poor trade figures would lead to a rise in interest rates. This time round, the assumption is that the Fed is still too nervous of recession to contemplate a rise in rates at all.

being offered by Seagram (especially as the conservative accounting of the family-owned group may make the true rating lower than it seems). However, after one more round of 5 per cent increases, the price may look sufficiently longed for to cause Grand Met's shareholders to call a halt to the leap-frogging.

Finland
And the winner, from the pine forests of the North, the Helsinki Stock Exchange - Europe's best performing stock market in 1987.

"We hope this visit will answer the criticism about Japan not playing a more positive role in the world," a Foreign Ministry official said last week.

two years and that the trade surplus has been falling at double-digit rates for the past seven months. The fact that the trade surplus is still running at notably high levels - \$4.7bn in November - will not be emphasised.

ness are stepping up their contribution to the world. The country's aid budget will grow 6.5 per cent this year to Y70bn (\$5.46bn), putting it on a par with the US aid budget, thanks to the rise in the value of the yen.

"They cannot say we have been dragging our feet," a Foreign Ministry official said last week. The Japanese will also be able to advance a couple of complaints of their own, against the recent US legislation discriminating against Toshiba products and against the US demand to lift the 100 per cent punitive import duties on some Japanese products for alleged breaches of a bilateral semiconductor trade agreement.

The British group said: "Until the conditions of this offer are known and the French Government has defined its position in respect of Seagram's proposed original private arrangement with the Martell family or given clearance for both Grand Metropolitan and Seagram to make public offers it is not appropriate to comment."

But Wall Street's behaviour on Friday remains worryingly mysterious, with the various reasons put forward - employment data, budget projections, trade figures - looking less persuasive on inspection. Japan, meanwhile, seems to have been written off as a source of comfort; foreign investors have worked themselves into the assumption that whereas a fall in Tokyo would be bad news, anything else would be mere engineering.

Foreign Ministry officials have gone through the motions of talking up a "Ron-Noboru" relationship that would be similar to the easy-going camaraderie between President Ronald Reagan and Mr Takeshita's outspoken predecessor, Prime Hiro Nakasone. But their hearts are not in it.

Meanwhile, it will be stressed that the Government is maintaining its expansionist fiscal stance and that this is helping to maintain growth in the world economy. Public works spending in the 1988-89 budget is set at Y7,217bn (\$56.4bn), 20 per cent higher than the amount in this year's original budget.

Within the aid budget, the Foreign Ministry this month will begin to implement a three-year \$600m non-project grant programme for African countries from other donor countries by making the programme completely unified. Officials say it will form more than a quarter of the total grant aid being received by some of the poorest African countries this year.

The bank says that Japanese interest rates will be kept low so that US interest rates do not have to rise and that it will continue to intervene in the foreign currency markets if necessary, in co-ordination with other leading industrial countries.

However, Grand Met, which owns a 19.9 per cent stake in Martell, reiterated its claim that the private Seagram deal damaged normal stock market practices and launched a bid of its own for the cognac house.

Martell

The full bid by Seagram for Martell may not make the outcome of the three-way struggle with Grand Met any easier to predict, but it certainly simplifies the ground rules.

Capital adequacy

The speed with which the Bank of England has followed up its earlier proposals for harmonising the capital ratios of major international banks, with an explanatory paper outlining how it intends to deal with some of the grey areas, underlines its key role in the evolving international debate about bank capital adequacy.

So the Japanese will try hard to keep everyone's attention focused on their recent progress in making their country work in harmony with the rest of the world rather than in competition with it.

US authorities are expected to be pleased that a 5.2 per cent increase in defence spending is included in the budget. The Japanese Government also announced at the end of last month that it would raise its annual contribution to the costs of US forces in Japan by Y24.2bn (\$186.1m) or 8 per cent by 1990.

On the trade front, the Japanese story is less convincing. The Government is bending to domestic pressure not to open markets for agricultural products and construction contract-

vids services similar to those performed by the four US majors for Aramco.

Central banks prop up \$

Continued from Page 1

Friday, are not being dismissed entirely - reflecting a high level of nervousness in currency markets. The market seems poised to sell the dollar heavily if a substantial deficit is reported.

Thatcher reshuffles to fill Whitelaw gap

BY PETER RIDDELL, POLITICAL EDITOR

THE British Government yesterday moved quickly to regroup its forces in the House of Lords and made confident claims about its legislative plans amid uncertainties created by Lord Whitelaw's resignation last Sunday on health grounds.

Lord Whitelaw himself admitted yesterday in a BBC interview his only regret was at having to bow out at a time which is awkward for the Government.

Saudis discount oil price

Continued from Page 1

vide services similar to those performed by the four US majors for Aramco.

There was a measure of relief that equity markets abroad had not reacted even more negatively to Friday's Wall Street decline and that the New York market seemed to find some support at lower levels.

Following the appointment of Lord Belstead as the new leader of the House of Lords, the senior parliamentary chamber, Earl Caversham, aged 89, will move from the Home Office to the Department of the Environment where he will take over Lord Belstead's responsibilities for water privatisation and for taking the controversial housing and community charge (poll tax) bills through the House of Lords.

Conceding potential difficulties ahead, Lord Belstead yesterday, however, sought to reassure. He said: "The Lords will go on making changes to legislation, but I am sure that we have got to go through well."

Mr John Wakeham, the leader of the Commons, said yesterday that he did not anticipate any important points in any of the bills being altered in committee.

The US bond market moved cautiously higher yesterday after last week's still uncertain mood is still uncertain.

To complete the changes, the Earl of Caversham, aged 89, will move from the Home Office to the Department of the Environment where he will take over Lord Belstead's responsibilities for water privatisation and for taking the controversial housing and community charge (poll tax) bills through the House of Lords.

Mr John Wakeham, the leader of the Commons, said yesterday that he did not anticipate any important points in any of the bills being altered in committee.

Mr Pieroni attacked what he regarded as particularly aggressive efforts by the US to undermine the European consortium and prevent it from penetrating further into the US commercial aircraft market.

World Weather

Table with multiple columns listing weather conditions for various cities worldwide, including temperature, wind, and cloud cover.

Airbus seeks currency cushion

Continued from Page 1

optimistic tone, said last year had been a record for Airbus in terms of new orders, with a total of 327 new orders and options worth between \$20bn and \$21bn.

holders into the consortium, but did not exclude possible subcontracting deals between existing shareholders and other manufacturers.

Seagram is a family-controlled business and may be prepared to wage a war of attrition with Grand Metropolitan in its bid to prove itself a serious player in the international drinks market.

The pressure to collaborate has been especially centred on a stretched version of the Airbus A-350, a 150-seater airliner due to come into commercial service this year.

received from Washington. Airbus has come under increasing pressure from European governments to consider collaboration with McDonnell Douglas, the US aircraft manufacturer, to ease the mounting tensions between the US and the European Community over the way in which Airbus is financed by European governments.

CARCLO INTERIM RESULTS. Unaudited half year ended 30 September 1987: Turnover £'000 48,879; Profit on ordinary activities before tax £'000 3,588; Earnings per ordinary share of 5p 5.4p; Dividends per ordinary share of 5p 1.1p; Dividend cover (times) 4.9; Shareholders' funds per ordinary share of 5p 56p. Audited year ended 31 March 1987: Turnover £'000 66,540; Profit on ordinary activities before tax £'000 5,080; Earnings per ordinary share of 5p 9.8p; Dividends per ordinary share of 5p 3.75p; Dividend cover (times) 2.6; Shareholders' funds per ordinary share of 5p 48p. Earnings per ordinary share up by 29%; Dividend per ordinary share up by 25%. CARCLO ENGINEERING GROUP PLC. Kirkstall Road, Leeds LS4 2AQ

INTL. COMPANIES & FINANCE

Stefan Wagstyl on the Japanese electronic group's VHS decision

Sony bows to the inevitable

SONY was yesterday trying to put a brave face on defeat. But the Japanese electronics company has finally admitted that it has lost the battle for control of the world home video recorder market.

The group, which long prided itself on being the most independent-minded of Japanese electronics companies, is to start making VHS-format machines, designed and developed by its rivals, alongside its own Betamax models.

Sony's announcement raises two main questions - why it has taken the group so long to bite the bullet and what the decision says about the company's future.

Another company in another market might have made the move three years ago, when the Betamax share of world video recorder annual sales was already below 10 per cent. But Sony continued to believe in Betamax - and indeed still does, denying any suggestion that it plans to scrap the format.

The story of the war between Betamax and VHS is a classic tale of brains versus brawn.

Sony's machines were launched first (in 1975) and are widely acknowledged as being technically superior. But JVC, an offshoot of Matsushita which developed VHS, was larger than Sony. Moreover, unlike Sony, it was ready to make recorders for sale under various labels for different manufacturers. As a result, Sony was swamped.

As late as 1981, Sony's market share in Japan was 40 per cent. Last year it was about 7 per cent. About 25m of the 150m machines in use around the world are Betamaxes - but many sold in the 1970s are being replaced by VHS recorders.

Sony has tried to fight back with 8mm video - a small-scale format particularly suitable for hand-held camera recorders. The company agreed standards with other manufacturers before launching 8mm in 1985. But instead of following suit, JVC developed VHS C - small VHS-format cassettes suitable for camera recorders, and a direct competitor to 8mm.

Sony sold 1.3m of its 8mm machines last year and plans to sell 1.8m this year. But the

company's original hope that the format might be as big as VHS by 1990 now looks grossly overoptimistic.

The final straw as far as Sony is concerned probably came last year with JVC's launch of VHS S, a high-quality version of VHS which might potentially challenge Betamax in one market where it is strong - recorders for professional and semi-professional use.

Late last year, Sony clearly became convinced that its refusal to make VHS machines might be harming its position not only in the video recorder market but elsewhere - in tele-vision sets, for example, and in integrated home audio-visual systems. Customers who might otherwise have bought a Sony television were buying one from JVC because it matched a JVC VHS video recorder.

Even though there is a large element of bowing to the inevitable about yesterday's announcement, the decision to start marketing VHS machines highlights some aspects of Sony's future as well as its past.

First, the move shows that Sony, formed after the Second World War by Mr Akio Morita, its chairman, is mellowing in middle age and becoming more willing to co-operate with other manufacturers. The failure to capitalise on video recorders lost Sony a chance to leap into the ranks of the biggest Japanese electronics companies.

The Betamax experience persuaded Sony to co-operate with other manufacturers in developing standards for more recent innovations including compact discs and digital audio tape.

Next, the VHS decision fits well with Sony's \$2bn acquisition in November of CBS Records, which brought rights to artists such as Michael Jackson. It will obviously be easier for Sony to promote VHS cassettes using this material if it is itself selling VHS recorders.

Finally, it could just be that Sony will spring a surprise in developing VHS in areas which may not have occurred to its rivals. The company which turned the cassette recorder into the Walkman might have a trick or two up its sleeve.

Ladbroke Group PLC
has acquired
Hilton International Co.
from
Allegis Corporation
We acted as the US financial advisor to Ladbroke Group PLC in this transaction and assisted in the negotiations.
Merrill Lynch Capital Markets

October 1987

Renault in talks to sell car rental unit

BY PAUL BETTS IN PARIS

RENAULT, THE French state-owned car group, is negotiating the sale of its car rental subsidiary, Europcar, to Compagnie Internationale des Wagons-Lits, the Belgian-based railway sleeping car company with growing interests in the hotel and tourism business.

The French group has for some time sought a buyer for Europcar, the largest car hire business in Europe, in order to recentre activities around its core car manufacturing operations. It is thought now to be close to completing the dis-

posal.

Europcar returned to profit in 1986 with earnings of more than FF11m (\$1.97m) on a turnover of FF1.5bn. However, despite the recovery, Renault remains convinced that the car hire business no longer fits in with its longer-term strategy.

For Wagons-Lits, the deal - if it goes through - represents the Belgian group's efforts to expand activities into a variety of tourist-related sectors. Apart from its railway and travel businesses, Wagons-Lits controls a major French and inter-

national hotel network.

The disposal of Europcar will provide Renault with additional cash funds to strengthen its balance sheet. Renault had hoped to see FF12m of group debt written off by the French Government as part of a plan to change the group's special legal status.

This plan has been suspended. The Government now intends to write off an initial FF3bn tranche of borrowings. At the end of 1986, Renault had a negative net

worth of FF16.4bn.

The company has seen a transformation in its fortunes over the past 12 months. After several years of heavy losses, it expects 1987 to throw up net profits of between FF3bn and FF4bn.

Mr Paul Percie du Sert, Renault's new commercial director and former financial director, confirmed recently that all the group's commercial and industrial operations were back in profit. Foreign operations were also out of the red.

USG Corporation
has acquired the stock of
DAP Inc.
from
Beecham Group plc
We acted as financial advisor to USG Corporation in this transaction.
Merrill Lynch Capital Markets

October 1987

VNU plans to buy trade journal in US

By Laura Rasm in Amsterdam

VNU, THE Netherlands' largest publishing group, plans to acquire Media Records of the US, a trade journal which reports on newspaper advertising, in an effort to strengthen its media information services.

Media Records, based in New York, measures on a monthly basis the amount of advertising in 200 US newspapers in 95 markets. No purchase price was disclosed, but Media Records has annual turnover of \$1.8m (\$5m), employs 100 staff, and will account for 5 per cent of VNU's US revenue.

This is the second planned acquisition announced by VNU in two weeks. On December 29, the Haarlem-based publisher said it would launch an agreed takeover bid for Auset, a smaller Dutch publisher active in regional newspapers.

Last week the chairman of VNU and Auset jointly announced that VNU would offer 2.5 of its common shares plus FF 100 cash for each Auset share, or a total of FF 253m at current prices. But in announcing the receipt of the public tender offer, the two companies indicated that they were reckoning with possible opposition from some Auset shareholders.

Rand Mines shows decline

BY JIM JONES IN JOHANNESBURG

THE FOUR producing gold mines managed by Rand Mines of South Africa suffered another profit decline in the final quarter of 1987 with only Blyvooruitzicht earning an after-tax profit greater than capital expenditure.

The total net profit dropped to R17.8m (\$9.05m) in the December quarter from R29.7m in the September quarter and R47.5m in the June quarter.

The average rand gold price received by the mines slipped fractionally to R20,381 a kilogram, but reduced mill throughputs led to proportionately greater unit production cost increases.

Harmony, the largest of the group's mines, lifted its recovery grade slightly to 2.96 grams per tonne (g/t) from the previous quarter's 2.93 g/t after even after taking into account the receipt of state assistance, shift in mining towards higher-grade areas. Nevertheless the mine's after-tax profit was

| RAND MINES GOLD QUARTERLIES | | | | | |
|-----------------------------|--------|-----------------------|---------|----------------------------|---------|
| Gold produced (kg) | | After-tax profit (Rm) | | Earnings per share (cents) | |
| Dec 87 | Sep 87 | Dec 87 | Sep 87 | Dec 87 | Sep 87 |
| 2,830 | 3,094 | 14.05 | 15.45 | 37.4 | 43.5 |
| 1,769 | 1,905 | 6.72 | 2.87 | (96.3) | (180.5) |
| 2,257 | 2,251 | (17.56) | (17.94) | (431.3) | (509.2) |
| 6,657 | 7,454 | 14.68 | 29.33 | 2.5 | 55.9 |

Earnings per share calculated on the basis of 100 million shares. Parentheses a negative sign.

East Rand Proprietary Mines (ERP), the oldest of the group's mines, suffered a further operating loss despite production cuts in the older, lower-grade areas of the mine. Durban Deep generated a small operating profit but again spent more on capital projects than it earned in the quarter even after taking into account the receipt of state assistance. The mine's equipment is particularly old and production is frequently disrupted by breakdowns or failures.

Blyvooruitzicht, which is averaging 389 g/t of gold and which needs to spend little on capital account, weighed in with the best profit performance. The mine's average recovery grade dropped to 5.07 g/t from 5.25 g/t. The grade decline is likely to continue as underground workings become increasingly concentrated in the lower-grade, faulted ore remaining in the western sector of the mine.

RUSTENBURG PLATINUM HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
Registration Number 05/22452/06

WADEVILLE REFINERY THEFT

A theft was discovered today from the Waderville refinery of some 45 kilograms of gold in process with a value of R1.4 million. The theft has been reported to the South African Police and investigations are in progress.

Johannesburg
11th January 1988

SABRE III Limited
U.S. \$200,000,000
Floating Rate Secured Notes due 1992
For the 6 months period 7th January, 1988 to 7th July, 1988 the Notes will bear the rate at 7 1/2% per annum. US\$3,823.26 will be payable from 7th July, 1988 per US\$100,000 principal amount of Notes.
Yusufid International (Overseas) Limited
Agent Bank

Panavision, Incorporated
has been acquired by
Lee International PLC
We acted as financial advisor to Panavision, Incorporated in this transaction and assisted in the negotiations.
Merrill Lynch Capital Markets

October 1987

£200,000,000

Nationwide Anglia Building Society

Floating Rate Notes Due 1995

| | |
|--|------------------------------------|
| Interest Rate | 9 1/2% per annum |
| Interest Period | 8th January 1988 to 8th April 1988 |
| Interest Amount per £5,000 Note due 8th April 1988 | £114.22 |

Credit Suisse First Boston Limited
Agent Bank

BANK OF NEW ZEALAND
Cayman Islands Branch
NZ \$150,000,000
Floating Rate Notes 1992

For the three months 11th January, 1988 to 11th April, 1988 the Notes will carry an interest rate of 16.56909 per cent. per annum.

Interest payable on the relevant interest payment date, 11th April, 1988 will amount to NZ \$41,284.31 per NZ \$1,000,000 Note and NZ \$206,421.53 per NZ \$5,000,000 Note.

Agent Bank
Morgan Guaranty Trust Company of New York, London

Notice of Early Redemption

SEK

AB Svensk Exportkredit
(Swedish Export Credit Corporation)
US \$112,500,000
14 1/4% Bonds Due 1990

NOTICE IS HEREBY GIVEN that in accordance with Clause 6(a) of the Terms and Conditions of the Bonds, the Company will redeem all of the Bonds at 101% of the principal amount on the next interest payment date 10th February, 1988, when interest on the Bonds will cease to accrue.

Repayment of principal will be made upon presentation of the Bonds with all unsecured Coupons attached, at the offices of any one of the Paying Agents mentioned therein.

Accrued interest due 10th February, 1988 will be paid in the normal manner against presentation of Coupon No. 6, on or after 10th February, 1988.

Bankers Trust Company, London
Agent Bank
12th January, 1988

NATIONAL BANK OF CANADA
(A chartered bank governed by the Bank Act of Canada)
U.S. \$50,000,000
Floating Rate Notes due January 1991

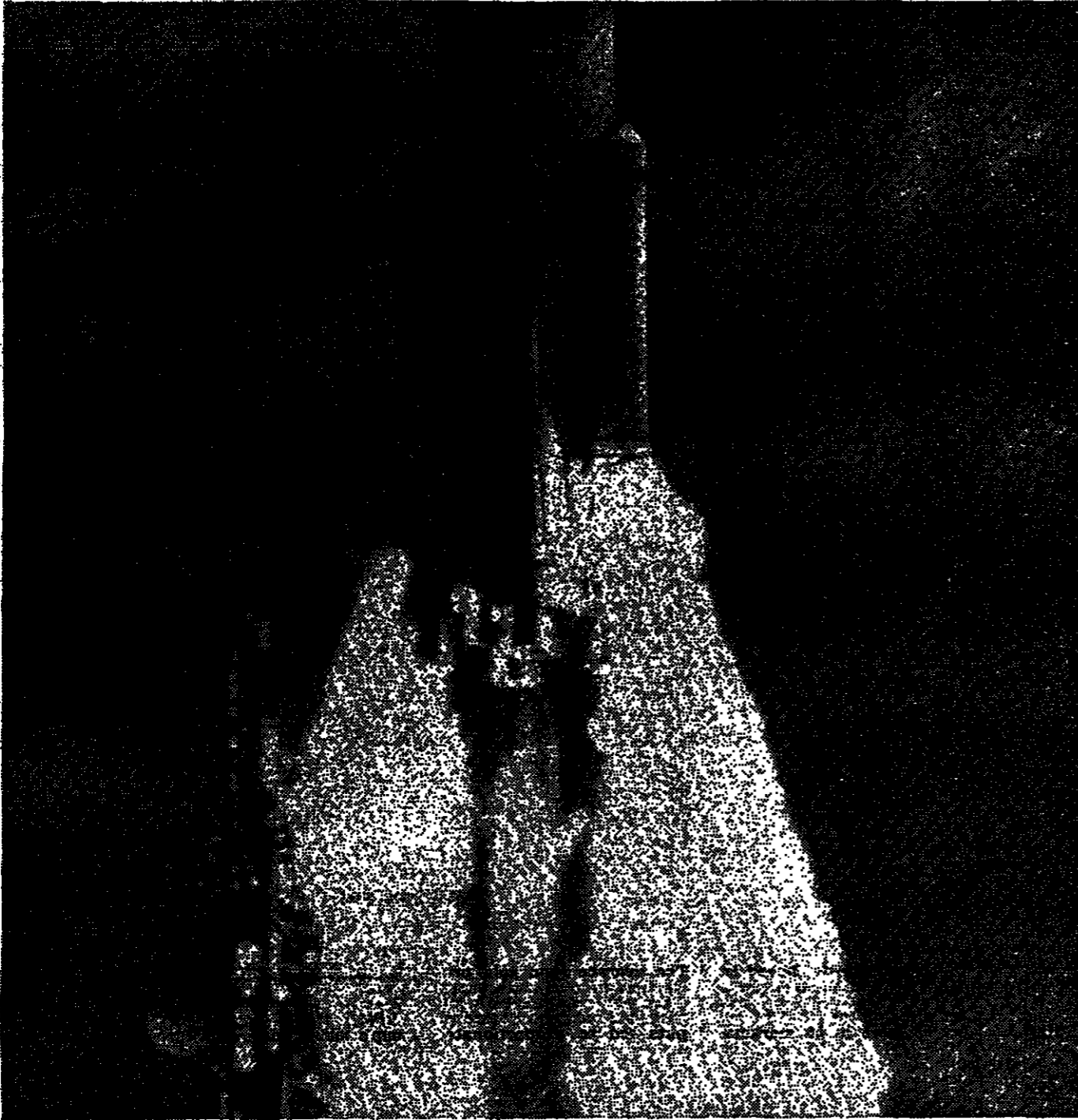
In accordance with the provisions of the Notes notice is hereby given that for the six month Interest Period from 8th January 1988 to 8th July 1988 the Notes will carry an Interest Rate of 7.6575% per annum.

The Coupon amount payable on Notes of U.S. \$5,000,000 will be \$194.32.

Agent Bank
FIRST CHICAGO
LIMITED
Contracted location of notice which appeared on 8.1.88.

Volvo's Offer to Investors.

More than Safe and Dependable Cars.



VOLVO FLYGMOTOR PROVIDES VITAL COMBUSTION CHAMBER COMPONENTS FOR EUROPE'S SUCCESSFUL ARIANE SPACE ROCKET.

Innovative, highly advanced technology has helped Volvo show a profit every year since 1932.

Ongoing future oriented investment in the technology of all its products from aerospace to automotive has enabled Volvo to pay a dividend on its shares every year since 1935.

The emergence of Volvo Flygmotor as one of the most profitable aerospace companies of its kind epitomizes Volvo's commitment to broadening and strengthening its existing operations.

A commitment that helped 100 Volvo shares purchased just five years ago for £ 620 to grow in value to £ 2.800 today.

A belief in the future that says purchasing a Volvo share should be an investment in steady, stable growth.

Volvo does not believe in 'here today, gone tomorrow' thinking.

Volvo's future, as the present and our past, depends upon our sound management commitment, excellent financial strength, top labour relations, and the ability to develop new products and markets.

For Volvo's Offer to Investors, read positive return on investment, good profits, stable production, creative management, quality employees and products, broadening operations within existing business sectors, and a commitment to the future.

CORPORATE FINANCE, AB VOLVO,
S-405 08 GOTENBURG, SWEDEN.

VOLVO

1987 L'année des succès pour Kleinwort Benson



Banque Nationale de Paris

£50,000,000
10 per cent. Notes 1994
Issue Price 101¼ per cent.

Kleinwort Benson Limited

April 1987



Crédit Commercial de France

Privatisation and offer of shares
on behalf of
the Republic of France

The undersigned acted as adviser
to Crédit Commercial de France and
lead manager of the UK tranche

Kleinwort Benson Limited

April 1987



Crédit Lyonnais

£75,000,000
10½ per cent. Notes 1992
Issue Price 101¼ per cent.

Kleinwort Benson Limited

November 1987

SAINT-GOBAIN

Introduction
to
The Stock Exchange
in London

Sponsored by
Kleinwort Benson Limited

July 1987



£100,000,000

Sterling Commercial
Paper Programme

Kleinwort Benson Limited

December 1987

SOCIÉTÉ GÉNÉRALE

£50,000,000
9 per cent. Notes 1992
Issue Price 101¼ per cent.

Kleinwort Benson Limited

May 1987

Banque Indosuez

has acquired

l'Union Financière de France S.A.

The undersigned acted as
financial adviser to the vendors

Kleinwort Benson Limited

July 1987

COMPAGNIE DU MIDI

has acquired
Equity & Law plc

The undersigned acted as
financial adviser
to Compagnie du Midi

Kleinwort Benson Limited

October 1987



BANQUE INDOSUEZ

£50,000,000
10¼ per cent. Notes 1992

Issue Price 101¼ per cent.

Kleinwort Benson Limited

March 1987



CdlF Chimie S.A.

£90,000,000
Acceptance Credit Facility

with multi-currency advances
and tender panel

Kleinwort Benson Limited

July 1987



compagnie bancaire

£50,000,000
10 per cent. Notes 1992
Issue Price 101¼ per cent.

Kleinwort Benson Limited

December 1987

The Kleinwort Benson Group

Who dominates M & A in the UK?

1985 M & A League Table

Financial Advisers in UK Public Takeovers:

Ranked by value of takeovers

| Financial Advisers | No. of deals | Value £m |
|--------------------|--------------|----------|
| 1 Morgan Grenfell | 32 | 3,143 |
| | 29 | 3,129 |
| | 25 | 1,714 |
| | 22 | 1,482 |
| | 16 | 1,386 |
| | 14 | 1,279 |
| | 10 | 752 |
| | 13 | 685 |
| | 16 | 629 |
| | 9 | 606 |

1986 M & A League Table

Financial Advisers in UK Public Takeovers:

Ranked by value of takeovers

| Financial Advisers | No. of deals | Value £m |
|--------------------|--------------|----------|
| 1 Morgan Grenfell | 51 | 13,964 |
| | 60 | 12,016 |
| | 7 | 9,990 |
| | 34 | 7,963 |
| | 26 | 7,701 |
| | 24 | 7,050 |
| | 20 | 6,830 |
| | 25 | 5,647 |
| | 20 | 5,376 |
| | 39 | 4,105 |

1987 M & A League Table

Financial Advisers in UK Public Takeovers:

Ranked by value of takeovers

| Financial Advisers | No. of deals | Value £m |
|-------------------------------|--------------|----------|
| 1 Morgan Grenfell (1) | 33 | 5,348 |
| 2 C.G. Wapping (4) | 24 | 5,238 |
| 3 Klarwort Benson (2) | 22 | 3,669 |
| 4 Schroders (6) | 25 | 3,580 |
| 5 Charterhouse Bank (9) | 14 | 3,458 |
| 6 Samuel Montagu (11) | 24 | 2,739 |
| 7 Baring Brothers (13) | 15 | 2,447 |
| 8 Barclays de Zoete Wedd (12) | 17 | 2,430 |
| 9 Lazard Brothers (15) | 24 | 2,359 |
| 10 N. M. Rothschild (7) | 17 | 2,147 |

*1986 Ranking
Table based on completed and failed public takeover bids

MORGAN GRENFELL

Strength in Depth

UK COMPANY NEWS

US PILOT STORES PLANNED FOR SUMMER

Body Shop profits leap 74%

Body Shop International, the natural beauty products chain, yesterday delighted the stock market with the announcement of an 80 per cent rise in 1987-88 earnings.

Body Shop rose by 64 per cent to £28.47m (£17.39m) and pre-tax profits by 74 per cent to \$5.99m (\$3.45m).

Blackwood Hodge in further US move

Blackwood Hodge, one of the world's largest distributors of heavy earthmoving equipment, yesterday announced details of its fourth US acquisition in just over a year.

Ellis & Everard lifted by a strong US performance

Ellis & Everard, the chemical distribution group, increased pre-tax profits by 24 per cent in the six months to October 31 1987 with the help of strong performances from the US and the Irish subsidiaries.

Chem in Ireland had all made satisfactory starts to the year with Euro Chem having particularly buoyant first half.

Lack of volume hits Wyko

Wyko Group, USM-quoted distributor of bearings and power transmission components, saw its profits fall from \$304,000 to \$263,000 pre-tax in the half year to October 31 1987.

Carclo rises 94% to £3.6m

THE expanding Carclo Engineering Group, which in 1986-87 acquired Bruntons (Muselburgh) and Jonas Woodhead, increased pre-tax profits 94 per cent from £1.85m to £3.58m in the half year to September 30 1987.

consolidating the results of the two acquisitions from the date of their purchase.

Dewhurst advances to £0.59m

Dewhurst, an advanced control technology group, reported pre-tax profits up from \$359,299 to \$580,868 for the year to September 27 1987.

Kunick surges to £3.4m

Kunick yesterday announced profits ahead 26.5 per cent to \$3.43m for the year ended September 30 1987, and said it had applied to join the USM.

Unsettled stock market hits Ailsa

The unsettled conditions in the stock market contributed to a loss on trading activities at Ailsa Investment Trust in the six months to the end of November 1987.

Zetters Group shows midway improvement

Zetters Group, the football pools operator, achieved pre-tax profits of \$282,894 on turnover of \$1,070m in the six months to October 31 1987.

Acquisitions help boost Robert Lowe profit 61%

ACQUISITIONS and improved trading have worked through at Robert H. Lowe in the year ended October 31 1987.

BOARD MEETINGS

Table with columns for COMPANY, TODAY, and FUTURE DATES. Lists meetings for companies like Anglo-Continental, Anglo-Continental, Anglo-Continental, Anglo-Continental, Anglo-Continental, Anglo-Continental, Anglo-Continental, Anglo-Continental, Anglo-Continental, Anglo-Continental.

GOLD MINING COMPANY REPORTS RAND MINES. For the quarter ended 31st December 1987. Office of the Secretaries of the undermentioned companies in the United Kingdom, 40 Holborn Viaduct, London EC1P 1JF.

Harmony Gold Mining Company Limited. Financial statements for the quarter ended 31.12.1987. Includes operating results, profit before taxation, and capital expenditure.

Blyvooruitzicht Gold Mining Company, Limited. Financial statements for the quarter ended 31.12.1987. Includes operating results, profit before taxation, and capital expenditure.

Durban Roodepoort Deep, Limited. Financial statements for the quarter ended 31.12.1987. Includes operating results, profit before taxation, and capital expenditure.

East Rand Proprietary Mines, Limited. Financial statements for the quarter ended 31.12.1987. Includes operating results, profit before taxation, and capital expenditure.

RAND MINES. BREAKING NEW GROUND EVERY DAY. 1 All financial figures are subject to audit. 2 GOLD MINES. Operating results are based on the sale of gold.

APPOINTMENTS

Midland Bank finance man

Mr Simon C. Peasey has been appointed finance director of Midland Bank. He is managing director of Nicklin Advertising.

Docklands chief executive

Major-General C. Jeremy Boulger has been appointed chief executive of the LONDON DOCKLANDS DEVELOPMENT CORPORATION.

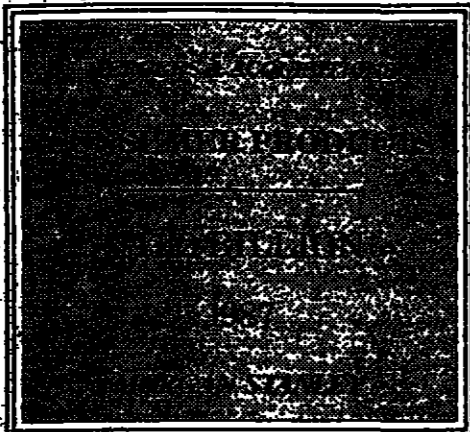
Changes at Bowater

BOWATER INDUSTRIES has appointed from February 1 Mr Stuart Wallis as a director with responsibility for packaging and associated products in the UK and Europe.

This notice is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited.

Blue Circle Industries PLC. Issue of 75 million 7% per cent. Convertible Cumulative Redeemable Preference Shares of £1 each at 100p per share. Application has been made to the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited for all of the above Convertible Preference Shares to be admitted to the Official List.

\$10 Billion in Mergers and Acquisitions in 4 years.



The Gillette Company
takeover defense
\$5,500,000,000

Grand Metropolitan PLC
acquired
Heublein, Inc.
(subsidiary of EJR Nabisco, Inc.)
\$1,200,000,000

Beatrice International Food Company
(subsidiary of Beatrice Company)
acquired by
TLC Group, L.P.
\$985,000,000

Elizabeth Arden Inc.
(subsidiary of Eil Lilly & Company)
acquired by
Faberge, Incorporated
\$700,000,000

American Brands, Inc.
acquired
ACCO World Corporation
\$602,000,000

Guinness PLC
acquired
Schemley Industries, Inc.
\$555,000,000

TI Group plc
divested its Domestic
Appliance Division
\$943,100,000

Joh. A. Benckiser GmbH
acquired
**The Worldwide Consumer Products
Division of Ecolab, Inc.**
\$242,500,000

The Dow Chemical Company
pending acquisition of
Lamair Inc.
\$189,000,000

European Home Products plc
acquired
Scholl International Inc.
(subsidiary of Schering-Plough Corporation)
\$160,000,000

**Sheaffer Eaton Division
of Textron Inc.**
acquired by
Gefinor
\$135,200,000

Jeffrey Martin, Inc.
acquired by
DEP Corporation
\$73,000,000

Diversified Products Corporation
(subsidiary of Grand Metropolitan PLC)
acquired by
DP-ACQ, Inc.
\$37,500,000

Hudson's Bay Fur
(subsidiary of Hudson's Bay Company)
acquired by
Finnish Fur Company
\$34,000,000

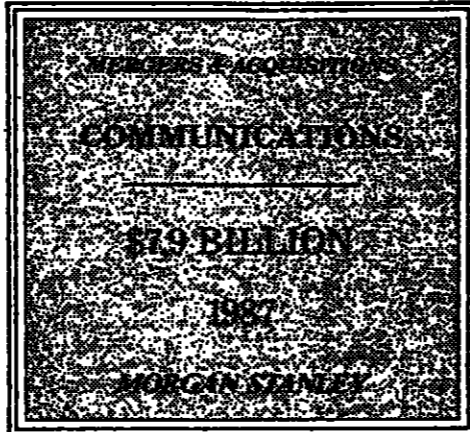
Ajinomoto Co.
acquired a 50% interest in
**Seven West Asian Subsidiaries
of CPC International Inc.**
Price not disclosed

Ajinomoto Co.
acquired the remaining 50% interest in
Knorr Foods Co. Ltd.
(interest held by CPC International Inc.)
Price not disclosed

Gold Bond Ice Cream, Inc.
acquired
Popsicle Industries, Inc.
(subsidiary of Sara Lee Corporation)
Price not disclosed

Sanraku, Inc.
pending acquisition of
Markham Vineyards
Price not disclosed

**Seven-Up Bottling-
New England Region**
(subsidiary of Philip Morris Companies Inc.)
acquired by
**Seven-Up Bottling Company of
Philadelphia, Inc.**
Price not disclosed



TFBA Limited Partnership
(a limited partnership formed, in part,
by Robert M. Bass Group, Inc.)
acquired
Taft Broadcasting Company
\$1,450,000,000

**Six Television Stations
of Storer Communications, Inc.**
(controlled by Kohlberg Kravis Roberts & Co.)
acquired by
SCI Television, Inc.
\$1,300,000,000

Continental Cablevision, Inc.
pending acquisition of
American Cablesystems Corp.
\$750,300,000

Bell & Howell Company
pending acquisition by
BHW Acquisition Corp.
\$678,400,000

JWT Group, Inc.
acquired by
WPP Group plc
\$566,000,000

**Television Station WTVJ-TV, Miami, FL
of Wometco Broadcasting Company, Inc.**
(controlled by Kohlberg Kravis Roberts & Co.)
acquired by
GE Property Management Co.
(subsidiary of General Electric Company)
\$270,000,000

Star Midwest Inc.
pending acquisition of
North American Communications Corp.
and
Four Cable Television Systems
\$239,000,000

**Seven Radio Stations
of Price Communications Corporation**
acquired by
Fairmont Broadcasting, Inc.
\$120,000,000 (in cash and notes)

**Theatre Assets and related Real Estate
of The Litchfield Company of
South Carolina, Inc.**
acquired by
United Artists Communications, Inc.
\$93,000,000

**Television Station WTVG-TV, Toledo, OH,
of Storer Communications, Inc.**
(controlled by Kohlberg Kravis Roberts & Co.)
acquired by
Toledo Television, Inc.
\$65,000,000

**Four Television Stations
of Clay Communications Investors**
acquired by
Price Communications Corporation
\$60,000,000

Tak Communications, Inc.
acquired
**Television Station KITV-TV,
Honolulu, HI**
\$50,000,000

**Television Station WLOS-TV, Asheville, NC
of Wometco Broadcasting Company, Inc.**
(controlled by Kohlberg Kravis Roberts & Co.)
acquired by
AMC of Delaware, Inc.
(an affiliate of Anchor Media, Ltd.)
\$50,000,000

Tak Communications, Inc.
acquired
**Radio Station WUSL-FM,
Philadelphia, PA**
\$32,000,000

**Radio Station WASH-FM, Washington, DC
of Metropolitan Broadcasting Corporation**
acquired by
Outlet Broadcasting, Inc.
\$29,250,000

**Four Newspapers
of Clay Communications Investors**
acquired by
Thomson Newspapers Limited
Price not disclosed

Continental Cablevision, Inc.
pending exchange of certain of its cellular telephone
assets for certain cable television assets of
Providence Journal Company
Price not disclosed

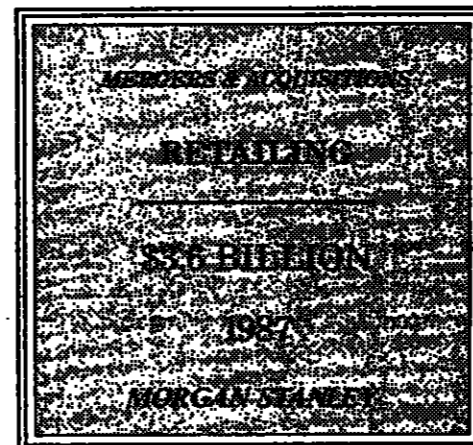
DKM Broadcasting Corporation
pending acquisition by
Summit Communications, Inc.
Price not disclosed

**Radio Station WIP-AM, Philadelphia, PA
of Metropolitan Broadcasting Corporation**
acquired by
Spectator Broadcasting L.P.
Price not disclosed

**Television Station WPHL-TV, Philadelphia, PA
of Providence Journal Company**
pending acquisition by
Taft Broadcasting Company
Price not disclosed

TranSales, Inc.
(an affiliate of The United Stations Companies)
acquired a beneficial equity interest in
StarGroup Communications, Inc.
Price not disclosed

Wometco Cable TV, Inc.
pending acquisition of
Two Cable Television Systems
Price not disclosed



Carter Hawley Hale Stores, Inc.
shareholders' corporate restructuring and spin-off of
The Neiman-Marcus Group, Inc.
\$1,100,000,000

Safeway Food Stores Limited
(subsidiary of Safeway Stores, Incorporated)
acquired by
Argyll Group PLC
\$1,040,000,000

**The Southern California Operations
of Safeway Stores, Incorporated**
(controlled by Kohlberg Kravis Roberts & Co.)
pending acquisition by
The Vons Companies, Inc.
\$410,000,000

Dixons Group plc
acquired
Cyclops Corporation
\$400,000,000

Seaman Furniture Company, Inc.
pending acquisition by
SFC Holdings, Inc.
(controlled by Kohlberg Kravis Roberts & Co.)
\$360,000,000

Hechinger Company
pending acquisition of
Horne Quarters Warehouse, Inc.
\$66,000,000

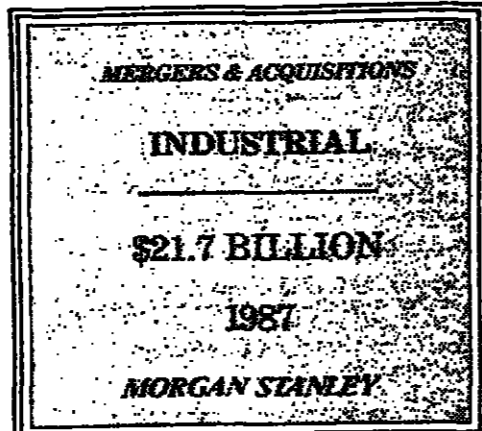
Dixons Group plc
acquired
Tipton Centers, Inc.
\$30,000,000

Hooker Corporation Ltd.
acquired an interest in
B.Altman & Co. Inc.
(interest held by B.A. Holdings)
Price not disclosed

Standard Brands Paint Company
acquired
**The Art Supply Centers
of Bishop Graphics Inc.**
Price not disclosed

MORGAN STANLEY

A record '84, '85 & '86.



Kohlberg Kravis Roberts & Co.
acquired

Owens-Illinois, Inc.
\$3,700,000,000

**Investor Group led by
Morgan Stanley Group Inc.**
acquired

Burlington Industries, Inc.
\$2,842,500,000

Forstmann Little & Co.
acquired

Lear Siegler, Inc.
\$2,100,000,000

**Investor Group led by
The Sterling Group, Inc. and
including Morgan Stanley Group Inc.**
acquired

**Seven chemical plants to
form Cain Chemical Inc.**
\$1,080,000,000

Owens-Illinois, Inc.
(controlled by Kohlberg Kravis Roberts & Co.)
pending acquisition of

Brockway, Inc.
\$750,000,000

Continental Aktiengesellschaft
acquired

General Tire, Inc.
(subsidiary of GenCorp Inc.)
\$650,000,000

Rexnord Inc.
acquired by

Banner Industries, Inc.
\$525,000,000

TI Group plc
acquired

Houdaille Industries Inc.
(controlled by Kohlberg Kravis Roberts & Co.)
\$490,000,000

Nippon Steel Corporation
and

Inland Steel Industries, Inc.
entered into a joint venture for a continuous
cold mill project called
I/N Tek
\$400,000,000

**Lear Siegler Instrument and
Avionic Systems Corp.,
Lear Siegler Avionic Systems
Holding Corp., and
Lear Siegler International Corp.**
(controlled by Forstmann Little & Co.)
acquired by
Smiths Industries PLC
\$350,000,000

Borg-Warner Industrial Products, Inc.
(subsidiary of Borg-Warner Corporation)
acquired by a private company organized by
Clayton & Dubilier, Inc.
\$240,000,000

Barber-Colman Company
acquired by

Siebe plc
\$227,500,000

**Investor Group led by
Morgan Stanley Group Inc.**
acquired

**The Carnation Can Division of Nestle S.A.
and the Monsanto Plastic Bottle Division of
Monsanto Co.**
\$212,000,000

**The Erwin Plant of
Burlington Holdings Inc.**
acquired by

Dominion Textile (USA) Inc.
\$205,000,000

**Lear Siegler Astronics Corp.
and Developmental Sciences Corp.**
(controlled by Forstmann Little & Co.)
acquired by

General Electric Company PLC
\$205,000,000

Imo Delaval Inc.
pending acquisition of
IFINT-Incom Inc.
\$166,600,000

**The Blended Apparel Fabrica Division
of Burlington Industries Inc.**
pending acquisition by
**Investors led by Citicorp Venture Capital
and Management**
\$150,000,000

**The Steel and Non-Residential
Construction Businesses of Cyclops
Corporation**
(subsidiary of Dixons Group plc)
acquired by

MSL Industries, Inc.
\$122,000,000

Lear Siegler Precision Products Corp.
(controlled by Forstmann Little & Co.)
acquired by

**Investor Group including
Acadia Partners, L.P. and
BFM Aerospace**
\$97,000,000

**Investor Group led by
Drake, Goodwin & Co. and
Morgan Stanley Group Inc.**
acquired

**Wolverine Tube, Inc. and
Wolverine Tube, Ltd.**
(subsidiaries of The Henley Group, Inc.)
\$85,000,000

Investor Group led by Management
acquired

The Lehigh Press, Inc.
\$78,700,000

**Fairfield Manufacturing Company Inc.
of Rexnord Inc.**
(subsidiary of Banner Industries, Inc.)
acquired by

Neox, Inc.
\$70,500,000

**Woodville Polymer
Engineering Ltd.**
(subsidiary of Colt Industries Inc.)
acquired by

Dowty Group PLC
\$57,500,000

Imo Delaval Inc.
acquired

Baird Corporation
\$53,000,000

Kiewit Holdings Group Inc.
(subsidiary of Peter Kiewit & Sons Inc.)
repurchased a minority stake in
Thomassen Drijver Verblifa
\$39,000,000

Steinhil-Lear Siegler AG
(controlled by Forstmann Little & Co.)
acquired by

British Aerospace PLC
\$27,000,000

Railway Maintenance Equipment

Company of Rexnord Inc.
(subsidiary of Banner Industries, Inc.)
acquired by
Oak Industries Inc.
\$15,500,000

**The Tungsten Carbide Manufacturing
Division of Smith International, Inc.**
acquired by

Harbour Group Investments, Inc.
\$12,000,000

**The Linotype Division
of Allied Signal Corporation**
acquired by

Commerzbank AG
Price not disclosed

Globe Metallurgical Inc.
(subsidiary of Moore McCormack Resources, Inc.)
acquired by

**Investor Group led by
Lee Capital Corporation**
Price not disclosed

Konica Corporation
purchased a controlling equity interest in
Powers Chemco Inc.
Price not disclosed

Midland-Ross Corporation
(controlled by Forstmann Little & Co.)
restructuring including divestiture
of several business units
Price not disclosed

**The European Operations of
Rexnord Inc.'s Process Machinery Division**
(subsidiary of Banner Industries, Inc.)
pending acquisition by

Rauma-Repola Oy
Price not disclosed

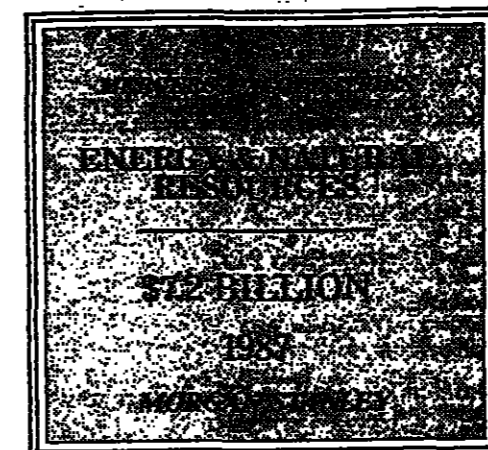
**Mathews Conveyor Company
of Rexnord Inc.**
(subsidiary of Banner Industries, Inc.)
acquired by

Babcock Industries Inc.
Price not disclosed

SFD S.A.
(subsidiary of CEF Chemie S.A.)
pending acquisition by
Casco Nobel AB
(subsidiary of Nobel Industries AB)
Price not disclosed

Technochemie GmbH Verfahrenstechnik
(subsidiary of The Steet Company PLC)
acquired by

Deutsche Shell Aktiengesellschaft
(member of the Royal Dutch/Shell Group of Companies)
Price not disclosed



Dome Petroleum Ltd.
pending acquisition by

Amoco Corporation
\$4,200,000,000

**The Forest Products Group
of Owens-Illinois, Inc.**
(controlled by Kohlberg Kravis Roberts & Co.)
acquired by

Great Northern Nekoosa Corporation
\$1,185,000,000

**Substantially all of the assets of
Williams Realty Corp.**
(subsidiary of The Williams Companies, Inc.)
acquired by affiliates of the
Trammell Crow Company
\$440,000,000

**The Presley Companies,
Blackfield Hawaii Corporation,
Dunn Properties Corporation
and Fredricks Development**

Corporation
(subsidiaries of Pacific Lighting Corporation)
acquired by
Investor Groups
\$325,000,000

Wisconsin Electric Power Company
pending acquisition of
Certain assets related to
**The Presque Isle Power Plant
of Upper Peninsula Generating Company**
\$247,500,000

The Southern Company
pending acquisition of
Savannah Electric & Power Company
\$241,500,000

Genstar Gypsum Products Company
(subsidiary of Inasaco Limited)
acquired by
Domtar Ltd.
\$241,000,000

Samedan Oil Corporation
(subsidiary of Noble Affiliates, Inc.)
acquired

**Certain U.S. Oil and Gas Properties
of Texas Eastern Corporation**
\$176,000,000

**The McEvoy-Willis Division
of Smith International, Inc.**
acquired by
Cameron Iron Works, Inc.
\$61,500,000

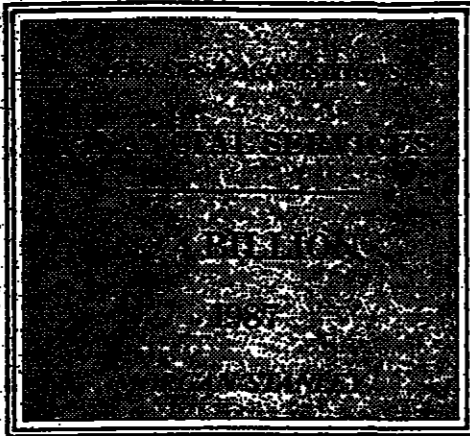
**The Newhall Land
and Farming Company**
proposed to acquire
Newhall Resources
\$32,900,000

**Interests in Indonesian Oil and Gas
Production Sharing Contracts**
(held by Tidewater Inc.)
acquired by
Repsol Exploración (formerly Hispanoil)
\$29,000,000

Arkansas Western Gas Company
(subsidiary of Southwestern Energy Company)
pending acquisition of
Associated Natural Gas Company
(subsidiary of Arkansas Power and Light Company)
\$27,100,000

Pickands Mather & Company
(subsidiary of Moore McCormack Resources, Inc.)
acquired by
Cleveland-Cliffs, Inc.
Price not disclosed

and now, a record '87.



The Bank of New York Company, Inc.
offer to purchase
Irving Bank Corporation
\$1,250,000,000

Chemical New York Corporation
acquired
Texas Commerce Bancshares, Inc.
\$1,200,000,000

Continental Bancorp, Inc.
acquired by
Midlantic Banks Inc.
\$886,900,000

The Comifer Group Inc.
acquired by
Bank of New England Corporation
\$656,000,000

The Marine Corporation
pending acquisition by
Banc One Corporation
\$546,000,000

RepublicBank Corporation
acquired
InterFirst Corporation
\$544,000,000

Allied Bancshares, Inc.
pending acquisition by
First Interstate Bancorp
\$373,500,000

The Royal Bank of Canada
pending acquisition of 75% interest in
Dominion Securities Limited
\$296,000,000

Equitable Life Leasing Corporation
subsidiary of The Equitable Life Assurance
Society of The United States
acquired by
Lomas & Nettleton Financial Corporation
\$289,100,000

Peoples Ban Corporation
acquired by
U.S. Bancorp
\$278,000,000

Bank of Montreal
acquired 75%
by
Nesbitt, Thomson Inc.
\$218,000,000

Sumcorp
pending acquisition by
Trustcorp, Inc.
\$200,000,000

**The Group Life and Health Insurance
Operations of Transamerica Occidental
Life Insurance Company**
(subsidiary of Transamerica Corporation)
acquired by
**Provident Life & Accident
Insurance Company**
\$180,000,000

Valley National Corporation
acquired
Valley Utah Bancorporation
\$117,000,000

Manufacturers National Corporation
acquired
Affiliated Banc Group, Inc.
\$113,500,000

The Chubb Corporation
acquired
Sovereign Corporation
\$106,100,000

BellSouth Corporation
acquired
Datserv, Inc.
\$96,500,000

**McCullagh Leasing and Commercial
Credit Corporation, Ltd.**
(subsidiary of Commercial Credit Corporation)
acquired by
Bank of New England Corporation
\$77,000,000

AmSouth Bancorporation
acquired
**First Mutual Savings
Association of Florida**
\$49,600,000

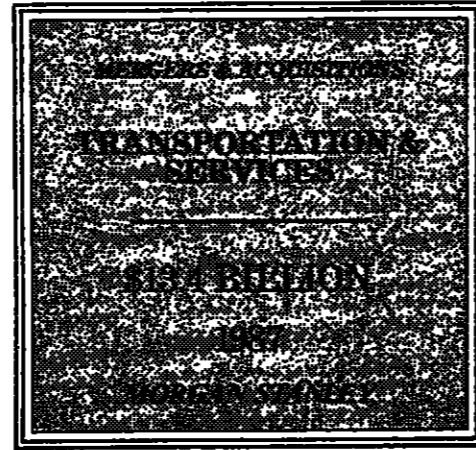
Istituto Bancario San Paolo di Torino
pending acquisition of
Valley National Bank
\$46,000,000

Colt Industries Credit Company
(subsidiary of Colt Industries Inc.)
acquired by
Goldome Corporation
\$14,800,000

**BankAmerica Investment
Management Company**
(subsidiary of BankAmerica)
pending acquisition by
Monarch Capital Corporation
Price not disclosed

CrossLand Savings FSB
acquired
Western Savings and Loan Company
Price not disclosed

United Overseas Bank Holding S.A.
(41% interest held by
**BankAmerica International of
BankAmerica NT & SA**)
acquired by
**Banque Nationale de Paris
and Dresdner Bank**
Price not disclosed



Allegris Corporation
corporate restructuring
\$5,574,000,000

Manpower Inc.
acquired by
Blue Arrow plc
\$1,378,000,000

Charter Medical Corporation
proposal to be acquired by
Investor Group
\$1,277,000,000

Overnite Transportation Co.
acquired by
Union Pacific Corporation
\$1,200,000,000

Allegris Corporation
acquired
Hilton International Co.
(subsidiary of Transworld Corporation)
\$980,000,000

The Greyhound Corporation
acquired
**The Dobbs' and Carson's
Airport Terminal Concessions
and Airline Catering Businesses
of Carson Pirie Scott & Company**
\$390,000,000

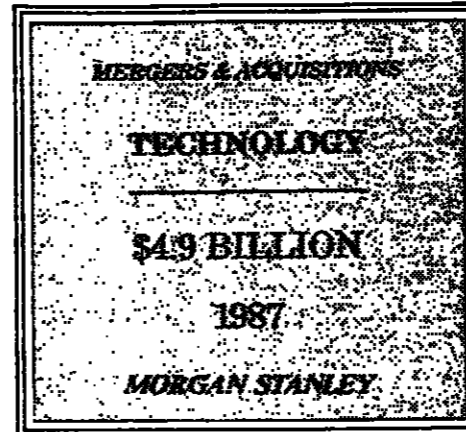
American Airlines, Inc.
acquired
AirCal Inc.
(subsidiary of ACI Holdings, Inc.)
\$220,000,000

Quality Care, Inc.
(subsidiary of Grand Metropolitan PLC)
acquired by
Lifetime Corporation
\$101,600,000

**The Bus Operating Assets of
Greyhound Lines, Inc.**
(subsidiary of The Greyhound Corporation)
acquired by
Investor Group led by Fred G. Currey
Price not disclosed

The Interlake Steamship Company
(subsidiary of Moore McCormack Resources, Inc.)
acquired by
Interlake Holding Company
Price not disclosed

Moore McCormack Bulk Transport, Inc.
(subsidiary of Moore McCormack Resources, Inc.)
acquired by
Barker Associates Inc.
Price not disclosed



**The Cellular Telephone and
Paging Operations of Metromedia Inc.**
acquired by
Southwestern Bell Corporation
\$1,197,000,000

Emerson Electric Co.
acquired
Liebert Corporation
\$430,000,000

Sprague Technologies, Inc.
(subsidiary of The Penn Central Corporation)
spin-off to shareholders
\$340,000,000

**The Detroit-Ann Arbor, Flint,
Grand Rapids, Lansing and Toledo
Cellular Telephone Companies**
(owned by Graphic Scanning Corp., Washington Post Co.,
Rapid-American Corp., RAM Broadcasting Corp.,
Western Union Telegraph Co., Associated
Communications Corp., Cellular Communications Inc.
and Investors)
acquired by
PacTel Personal Communications
(division of Pacific Telesis Group)
\$316,000,000

Spectra-Physics, Inc.
acquired by
CIBA-GEIGY Corporation
\$311,000,000

Combustion Engineering, Inc.
acquired
AccuRay Corporation
\$217,000,000

Bridge Communications, Inc.
merged with
3Com Corporation
\$193,000,000

Emhart Corporation
pending acquisition of
Advanced Technology Inc.
\$140,000,000

Arrow Electronics, Inc.
pending acquisition of
**The Electronics Distribution
Businesses of Ducommun Incorporated**
\$134,000,000

NYNEX Corporation
acquired
Business Intelligence Services Ltd.
\$107,000,000

Reuters Holdings PLC
acquired
Instinet Corporation
\$106,500,000

**The Control Systems and
Industrial Systems Businesses of
Rexnord Inc.**
(subsidiary of Banner Industries, Inc.)
acquired by
Texas Instruments, Incorporated
\$65,000,000

British Airways PLC
acquired
Bedford Associates, Inc.
Price not disclosed

**The Pacing Products Division of
Cordis Corporation**
acquired by
Electronics Holdings Limited
Price not disclosed

Integrated Automation, Inc.
acquired by
Litton Industries, Inc.
Price not disclosed

Thomson-CSF
pending acquisition of
Wilcox Electric, Inc.
(subsidiary of Nordrop Corporation)
Price not disclosed

Thomson S.A.
pending acquisition of
**The Consumer Electronics Business
of General Electric Company**
Price not disclosed

MORGAN STANLEY

COMMODITIES AND AGRICULTURE

Falconbridge to restart shipping ferro-nickel

By David Blackwell

FALCONBRIDGE, the Canadian mining group, is to resume shipments of ferro-nickel from the Dominican Republic, the company said yesterday.

Table with 2 columns: Commodity, Price. Includes Aluminum standard, Copper, Lead, Nickel, Tin, Silver.

Fresh peace talks called on Canadian port strike

By David Owen in Toronto

THE TWO sides in the month-old Canadian grain handlers strike have been called to Ottawa to resume talks under the auspices of Mr William Kelly, the top federal government labour mediator.

Grain trader seeks court protection

By Ann Charters in Sao Paulo

COTRA SA Empresa Comercial Exportadora, one of Brazil's leading trading companies, sought court protection from creditors in a decision to file proceedings filed last Friday.

Surge in orange juice futures

By Deborah Margaves in Chicago

US ORANGE juice futures prices soared over the last two trading days following the news that Brazil had increased its exports to the US.

For several years Brazilian imports have picked up the slack in the US market, according to Mr John Walker, president of Florida's Citrus Association.

A life-long quest for the perfect pig

FARMER'S VIEWPOINT

By John Cherrington

WHEN I look to farming many years ago a wise farmer told me that even if I kept a herd of pigs for 50 years they would never bankrupt me nor make me rich.

My pig farming apprenticeship began as a young student on a Danish farm, of which my main memory is of constant hard work in cold weather.

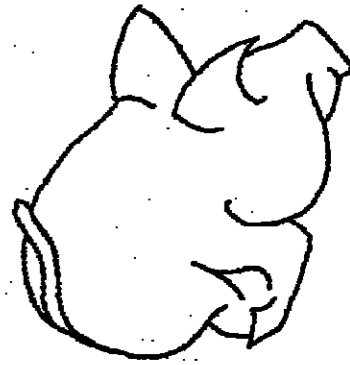
There is no doubt though that over the last few years the demand for lean British pigs has expanded enormously and pork is the fastest growing meat product on the market.

who sell their pigs on the open market without grading. There is always a marginal demand for supplies and buyers who are short cannot worry about the little matter like quality grading.

Margins became very bad a couple of years ago, however, and I decided to run down as hard as I had been younger and had the capital available I would have put in a more modern set up.

For my part I still have an interest in pigs, or rather in one pig. He is quite the ideal animal, needing no feeding and making no mess.

He is, in fact, the ideal household pet. I wish that I had met him 50 years ago - it would have saved me a lot of money and effort.



It did not work out like that at all. Janus produced three pigs. One we would call a runt, hairy, with a squashed up nose.

This not what I showed you, I complained. But this is how I saw them, came the reply.

I took to Sydney in the end. His stuck up ears resemble nothing so much as the roofs of the Sydney Opera House, hence the name.

Indonesia may seek bigger tin quota

By John Murray Brown in Jakarta

INDONESIA MAY press for an improved export quota when the executive committee of the seven-member Association of Tin Producing Countries meets in Kuala Lumpur today to discuss progress on the supply rationalisation scheme agreed last March.

Prices low Ten months into the agreement, however, prices remain low, barely changed in US dollar terms, at \$3 per lb, and actually down in sterling or Malaysian dollars.

of whom are employed in Timah's mining operations on Bangka Island off East Sumatra.

Joint venture In addition Timah hopes to form a joint venture marketing concern with a private Indonesian company, which officials say will handle around 20 per cent of Timah's exports.

Results for 1987, are hardly likely to be so good, adding to pressure on the Government to seek an increase in Indonesia's quota at the ATPC ministerial meeting due next month.

Coffee falls on quota disappointment

By David Blackwell

COFFEE PRICES fell in London yesterday in this volume, partly because of disappointment that the meeting on Friday of the International Coffee Organisation executive board was adjourned without a decision to cut export quotas further.

The price of three-month robusta closed down £13 at 31,200 a tonne.

WORLD COMMODITIES PRICES

LONDON MARKETS

DRY CARGO futures on the Baltic International Freight Futures Exchange (BIFEX) continued their bull run, reaching an all-time high of 1,495 points on the April contract before profit-taking halted the advance.

Table with 4 columns: Commodity, Close, Previous, High/Low. Includes COCOA 5/tonne, COFFEE 5/tonne, RUBBER 5/tonne.

Table with 4 columns: Commodity, Close, Previous, High/Low. Includes LONDON METAL EXCHANGE, COPPER, ZINC, LEAD.

Table with 4 columns: Commodity, Close, Previous, High/Low. Includes POTATOES 5/tonne, SOYABEAN MEAL 5/tonne, GRAINS 5/tonne.

Table with 4 columns: Commodity, Close, Previous, High/Low. Includes NEW YORK, GOLD 100 troy oz, SILVER 5,000 troy oz.

Table with 4 columns: Commodity, Close, Previous, High/Low. Includes CHICAGO, SOYABEAN 5,000 bu, WHEAT 5,000 bu.

Table with 4 columns: Commodity, Close, Previous, High/Low. Includes LIVE CATTLE 40,000 lb, LIVE PIGS 30,000 lb.

Table with 4 columns: Commodity, Close, Previous, High/Low. Includes SPOT MARKETS, CRUDE OIL, CATTLE, SHEEP, PIGS, RUBBER, COPPER, ZINC, LEAD, TIN, NICKEL, SILVER, GOLD, WHEAT, SOYABEAN, RICE, SUGAR, COTTON, WOOL, HIDE, SHEEP, PIGS, RUBBER, COPPER, ZINC, LEAD, TIN, NICKEL, SILVER, GOLD, WHEAT, SOYABEAN, RICE, SUGAR, COTTON, WOOL, HIDE.

Table with 4 columns: Commodity, Close, Previous, High/Low. Includes RUBBER, COPPER, ZINC, LEAD, TIN, NICKEL, SILVER, GOLD, WHEAT, SOYABEAN, RICE, SUGAR, COTTON, WOOL, HIDE.

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EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol, Last, and Stock. Includes sub-sections for Jan 88, Feb 88, and Mar 88.

BASE LENDING RATES

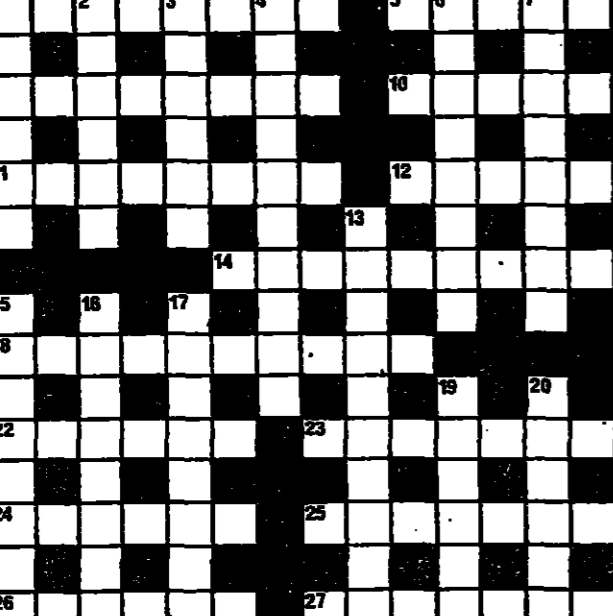
Table listing various banks and their base lending rates, including ABN Bank, Aden & Company, and others.



The Sixth FT City Seminar
Plasterers Hall, City of London
11, 12 & 15 February, 1988

For information please return this advertisement... Financial Times Conference Organisation, 128 Jermyn Street, London SW1Y 4UJ.

FT CROSSWORD No.6,527 SET BY PROTEUS



- ACROSS
1 Dairy-cat's distraught female supporter (8)
5 Wave or someone trying to create one (6)
9 Snake run through animal (8)
10 People led astray by monkish experimenter (8)
11 Splendour of original garden-city (8)
12 Grief's girl sporting a train (8)
14 Decline in standard of French green tea perhaps (10)
15 Shrank from becoming engaged (10)
17 What 27 does when partly dressed? (6)
18 Tantalising question for 5 (6)
21 Variety of small coin (8)
22 Brown colour on desert-palm (8)
23 Make passing reference to some quite dull adding up (6)
24 Holding right cheek shows lack of foresight (10)
26 Learn ode about evergreen shrub (8)
DOWN
7 Plant raising skin blemishes on society girl (8)
8 Get free when hired out again (8)
13 Referral for action by soldier at embassy (10)
16 Bill clergyman found correct (8)
18 Out off favourites' scraps of information (8)
19 Disagreement on story about king (8)
20 Whisper name of book about model (6)
25 What 27 does when partly dressed? (6)
27 Voters in trouble from speculator (8)

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts, their managers, and performance data. Includes sub-sections like 'Abstract Management Ltd', 'Allied Dunbar Unit Trusts', etc.

FT UNIT TRUST INFORMATION SERVICE

| Company Name | Address | Telephone | Unit Name | Unit Type | Minimum Investment | Current Value | NAV | Yield | Dividend |
|--------------------------|--|-------------|---------------------------|-----------|--------------------|---------------|------|-------|----------|
| Phoenix Assurance Co Ltd | Phoenix House, Broad St, Bristol | 0272 294943 | Phoenix Assurance Unit | Equity | £50 | £100.00 | 1.00 | 10% | £10 |
| Prudential Assurance Co | Prudential House, 100, Broad St, Bristol | 01-409 9222 | Prudential Assurance Unit | Equity | £50 | £100.00 | 1.00 | 10% | £10 |
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MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

| Company Name | Address | Telephone | Unit Name | Unit Type | Minimum Investment | Current Value | NAV | Yield | Dividend |
|-------------------------|--|-------------|---------------------------|-----------|--------------------|---------------|------|-------|----------|
| Prudential Assurance Co | Prudential House, 100, Broad St, Bristol | 01-409 9222 | Prudential Assurance Unit | Equity | £50 | £100.00 | 1.00 | 10% | £10 |
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FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts with columns for Name, Investment Objective, and other details.

LONDON SHARE SERVICE

Table of London Share Service listing various British Funds, Foreign Bonds & Rails, and Americans with columns for Name, Price, and other details.

Table of Money Market Trust Funds and Bank Accounts listing various financial products with columns for Name, Price, and other details.

LONDON SHARE SERVICE

AMERICANS - Contd

Table listing American companies with columns for company name, price, and change.

CANADIANS

Table listing Canadian companies with columns for company name, price, and change.

BANKS, HP & LEASING

Table listing banks, hire purchase, and leasing companies with columns for company name, price, and change.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies with columns for company name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and roads companies with columns for company name, price, and change.

BUILDING, TIMBER, ROADS

Table listing building, timber, and roads companies with columns for company name, price, and change.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies with columns for company name, price, and change.

DRAPERY AND STORES

Table listing drapery and stores companies with columns for company name, price, and change.

DRAPERY AND STORES - Contd

Table listing drapery and stores companies with columns for company name, price, and change.

ELECTRICALS

Table listing electrical companies with columns for company name, price, and change.

ENGINEERING - Contd

Table listing engineering companies with columns for company name, price, and change.

FOOD, GROCERIES, ETC

Table listing food, grocery, and other companies with columns for company name, price, and change.

HOTELS AND CATERERS

Table listing hotels and caterers companies with columns for company name, price, and change.

INDUSTRIALS (Miscel.)

Table listing miscellaneous industrial companies with columns for company name, price, and change.

INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial companies with columns for company name, price, and change.

INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial companies with columns for company name, price, and change.

INDUSTRIALS (Miscel.) - Contd

Table listing miscellaneous industrial companies with columns for company name, price, and change.

LONDON SHARE SERVICE

INSURANCES - Contd

Table listing insurance companies and their share prices, including Royal Indemnity, Commercial Union Assurance, and others.

PAPER, PRINTING, ADVERTISING - Contd

Table listing companies in the paper, printing, and advertising sectors, such as News International and Reed International.

TEXTILES - Contd

Table listing textile companies and their share prices, including British Textiles and others.

TRUSTS, FINANCE, LAND - Contd

Table listing trusts, finance, and land companies, such as British Land and others.

OIL AND GAS - Contd

Table listing oil and gas companies, including British Petroleum and others.

MINES - Contd

Table listing mining companies and their share prices, such as Anglo American and others.

LEISURE

Table listing leisure companies and their share prices, including British Skyways and others.

PROPERTY

Table listing property companies and their share prices, such as British Land and others.

TOBACCO

Table listing tobacco companies and their share prices, including British American Tobacco.

TRUSTS, FINANCE, LAND

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OVERSEAS TRADERS

Table listing overseas trading companies and their share prices, including British Overseas Airways.

PLANTATIONS

Table listing plantation companies and their share prices, such as British Plantations.

MINES

Table listing mining companies and their share prices, including Anglo American.

MOTORS, AIRCRAFT TRADES

Table listing motor and aircraft trade companies, such as British Airways and others.

NEWSPAPERS, PUBLISHERS

Table listing newspaper and publishing companies, including News International.

SHIPPING

Table listing shipping companies and their share prices, such as British Skyways.

SHOES AND LEATHER

Table listing shoes and leather companies and their share prices, including British Leather.

SOUTH AFRICANS

Table listing South African companies and their share prices, such as Anglo American.

TEXTILES

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REGIONAL & IRISH STOCKS

Table listing regional and Irish stocks, including Anglo American and others.

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TRADITIONAL OPTIONS

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Table listing traditional options, including Anglo American and others.

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WORLD STOCK MARKETS

Table with multiple columns for various stock markets including Australia, Canada, Germany, Netherlands, and Sweden. It lists stock symbols, prices, and changes.

Table for CANADA stock markets, including Toronto and Montreal. It lists stock symbols, prices, and changes.

Table for JAPAN stock markets, listing various Japanese stock symbols, prices, and changes.

Table for OVER-THE-COUNTER Nasdaq national market, listing various over-the-counter stock symbols, prices, and changes.

Table for INDICES, including New York, Australia, Germany, France, Hong Kong, Italy, Japan, and Switzerland. It shows index values and percentage changes.

Table for CHIEF LONDON PRICE CHANGES YESTERDAY, listing various London stock symbols and their price changes.

Table for TOKYO - Most Active Stocks, listing the most active stock symbols in Tokyo and their prices.

Advertisement for 'Travelling on Business in Portugal?' featuring a map of Portugal and listing hotels like Alfa Lisboa, Hotel Meridien, Hotel Novotel, Hotel Tivoli, and Hotel Ritz Intercontinental.

Advertisement for 'Your first 12 issues free when you subscribe to the FT' with details on subscription rates and contact information for the Financial Times.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of stock prices with columns for stock symbols, prices, and changes. Includes sub-sections for 'D D D', 'G G G', 'K K K', and 'L L L'.



Handwritten Arabic text: "هذا من الأصل"

NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices. Columns include Stock, P, S, High, Low, Change, and Volume. Includes sub-sections for 'Continued from Page 42' and 'S S S'.

Table of AMEX Composite Closing Prices. Columns include Stock, P, S, High, Low, Change, and Volume. Includes sub-sections for 'Continued from Page 42' and 'S S S'.

OVER-THE-COUNTER Nasdaq national market closing prices

Table of Over-the-Counter (Nasdaq) Closing Prices. Columns include Stock, P, S, High, Low, Change, and Volume. Includes sub-sections for 'Continued from Page 42' and 'S S S'.

Travelling on business with Alitalia. Enjoy reading your complimentary copy of the Financial Times on scheduled flights from Milan and Rome.

Dow regains composure with cautious rally

Wall Street

FEARS of another Black Monday after Friday's programme-trading dominated 140 point drop in the Dow Jones Industrial Average...

In relatively heavy two-way trading, the Dow spent the morning twisting and turning in both directions and ended up little changed from Friday's sharply lower levels...

The US equity market had the benefit of reaction of having seen the rejection of overseas markets to the sudden and dramatic sell-off late on Friday...

The US bond market yesterday cautiously pulled back some of Friday's losses. The Treasury's 30-year benchmark issue lagged other long-dated issues which ended around 1 1/2 point higher...

SOUTH AFRICA

THE STEADY bullish price falls to shore up Johannesburg gold shares against a wave of selling inspired by Friday's falls on Wall Street...

Yesterday morning, programme trading seemed to be two-way and according to some traders continued to dominate a market which is seeing little large-scale institutional and retail investor interest...

The major news item yesterday was the announcement that Sterling Drug, the diversified US drug company, was to sue Hoffman-La Roche...

Computer Science's share price had risen 3 1/2% by mid-session but closed 5 1/4% lower at \$73 3/4.

Another controversy which has erupted over the pending offer is Hoffman's choice of Morgan Guaranty, a commercial bank, rather than First Boston, a securities house...

Canada

TORONTO share prices closed mixed after the market traded erratically following gyrations on Wall Street, rallying and then tumbling in volatile early trading...

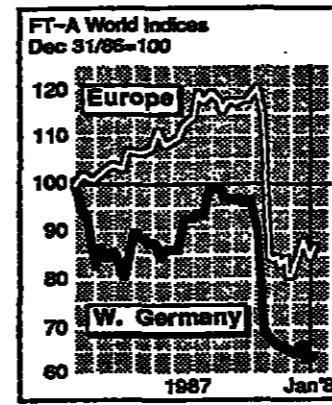
As the day proceeded, the market more or less held its own, said Mr John Ing of Malson Placements Canada.

Haig Simonian in Frankfurt examines the few bright spots in a catalogue of gloom

German chemicals and retailers hold out promise

AFTER A rough ride in 1987, when West German shares badly underperformed most European counterparts even before the crash, the market looks set for an even tougher 12 months ahead...

More important, it is now clear that the Government has got its budgetary arithmetic badly wrong. The DM23.5bn budget deficit ceiling, once deemed immovable...



looking very cheap indeed now, but the main question for international investors is whether German shares still have some way to drop.

The three big chemicals groups, BASF, Bayer and Hoechst, also look promising. All three have internationalised heavily in recent years...

also remain strong. Consumption has been rising steadily, and spending should receive a further boost from the planned personal tax cuts...

EUROPE

Frankfurt drops back steeply in orderly sell-off

EUROPE's bourses responded pessimistically to Friday's fall on Wall Street with heavy but orderly selling taking prices broadly and steeply lower.

ARMAGEDDON failed to hit London yesterday when the stock market showed significant resilience in the face of Friday's savage fall...

London

The FT-100 Index ended with a net loss of 18.2 at 1,780.2.

group is the target of an anonymous investor. Group Finance Lambert lost Sfr185 to Sfr2,360...

MILAN fell substantially in active trade. The MIB index lost 2.42 per cent to 1,007.

STOCKHOLM was depressed by the gloomy economic prognosis contained in the state budget.

MADRID fell sharply. The general index was 8.84 down at 234.22, a 3.63 per cent drop.

ASIA

Recent favourites lead limited falls

Tokyo

THE STEEP slide in Friday trade on Wall Street dragged down high-technology issues and other recent favourites in Tokyo yesterday...

The Nikkei average slipped 294.13 from Friday to 22,578.43, its first fall in five trading days.

High-tech weakened widely on small-lot selling. Hitachi retreated Y60 to Y1,250...

Bonds moved narrowly, with dealers and institutions awaiting Friday's US trade figures for November.

The yield on the 5.0 per cent government bond maturing in December 1997 rose from Friday's 4.56 per cent to 4.58 per cent...

Exchange the stock average lost 211.08 to 22,943.53 in the first drop in five sessions, despite selective buying.

Omron Tetsu Electronics fell Y90 to Y2,010 and Morita Fire Pump Y70 to Y1,020...

Australia

INDUSTRIALS and mining stocks led early falls in Sydney but prices picked up from their lows, encouraged by the limited falls in Tokyo.

Among the miners, CRA fell 26 cents to A\$8.06. Western Mining was off 24 cents to A\$5.38...

Hong Kong

A SHARP early fall was trimmed in Hong Kong as the Straits Times industrial index closed 46.26 to 848.08...

Singapore

THE SELL-OFF on Wall Street hit Singapore hard, with shares losing more than 5 per cent on the day as small investors took profits in cautious trading.

The Straits Times industrial index closed 46.26 to 848.08 with stocks suffering across the board...

Heaviest losses were made by Metro, down 60 cents at S\$5.56 and banks DBS and OCBC which each lost 50 cents to S\$8.20 and S\$8.50...

This announcement appears as a matter of record only.

McDonald's Corporation

£50,000,000

9 3/4 per cent. Notes due 1992

Issue Price: 101 1/2 per cent.

Barclays de Zoete Wadd Limited

Merrill Lynch Capital Markets

BankAmerica Capital Markets

Bankers Trust International Limited

Banque Bruxelles Lambert S.A.

Bayerische Vereinsbank Aktiengesellschaft

Chase Investment Bank

Citicorp Investment Bank Limited

Credit Lyonnais

Daiwa Europe Limited

Dresdner Bank Aktiengesellschaft

Général Bank

Girozentrale und Bank der Österreichischen Sparkassen

Morgan Guaranty Ltd

The Nikko Securities Co., (Europe) Ltd.

PaineWebber International

Salomon Brothers International Limited

Société Générale

Union Bank of Switzerland (Securities) Limited

S.G. Warburg Securities

2nd December 1987

FT - ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns for NATIONAL AND REGIONAL MARKETS, MONDAY JANUARY 11 1988, FRIDAY JANUARY 8 1988, and DOLLAR INDEX. It lists various markets and their performance metrics.

Base value: Dec 31, 1986 = 100. Pound Sterling = 115.037 US Dollars, 90.791 (Pound Sterling) and 94.94 (Local).